



PUM

Netherlands senior experts



DUTCH EMPLOYERS COOPERATION PROGRAMME

NL EMPLOYERS 4 SDG 8 PROGRAMME

ENERGISING BUSINESSES AND BUSINESS ECOSYSTEMS

SUBSIDY PROPOSAL
2023-2030 OF THE
MERGED PUM
ORGANISATION

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List of acronyms

BHOS	‘Buitenlandse Handel en Ontwikkelingssamenwerking’ (Foreign Trade and Development Cooperation)
BSO	Business Support Organisation
CBI	Centre for the Promotion of Imports from developing countries
CoC	Chamber of Commerce
DDE	‘Directie Duurzame Economische Ontwikkeling’ (Department of Sustainable Economic Development)
DECP	Dutch Employers' Cooperation Programme
DI	Confederation of Danish Industries
(E)BMO	(Employers' and) Business Member Organisation
ESG	Environmental, Social and Governance
HBF	Hans Blankert Fund
IATI	International Aid Transparency Initiative
ILO	International Labour Organisation
KPI	Key Performance Indicators
MFI	Monetary & Financial Institutions
MIC	Middle Income Country
MoFA	Ministry of Foreign Affairs
MSME	Micro- and Small and Medium Enterprises (distinct from SME to refer specifically to companies with fewer than 10 employees)
NGO	Non-Governmental Organisation
NHO	International Cooperation Programme of the Confederation of Norwegian Enterprises
NIR	International Council of Swedish Industry
PSD	Private Sector Development
PUM	Programma Uitzending Managers
RBC	Responsible Business Conduct
SDG	Sustainable Development Goal
SME	Small and Medium Enterprise
ToC	Theory of Change
TU	Trade Union
VET	Vocational Education and Training Institute
VMP	Trade Union Co-Financing Programme
WUR	Wageningen University and Research Centre

1 Executive summary

"Promoting sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all": the eighth UN Sustainable Development Goal increasingly sets the agenda for the global PSD community. This goal is not merely important for its own sake. It is also a key enabler for many other goals. After all, vibrant businesses and better lives are closely intertwined. With this proposal, we would like to request DDE's support to realise our mission toward 2030, helping to bring SDG 8 within reach in the coming eight years with our unique pool of volunteer experts. This mission is reflected in the new programme title of the merged organisation, called **NL Employers 4 SDG 8**.¹

We are submitting this proposal in the confidence that strong entrepreneurship and an enabling business environment including constructive social dialogue go hand in hand. Both local clients in our focus countries and Dutch private sector parties can benefit from broad, public-private programmatic collaboration.

The NL Employers 4 SDG 8 programme takes a new and improved approach. The *What's new?* table below provides a summary overview of the changes we have envisioned for the coming years. These changes are also based on the evaluations of both constitutive organisations toward the end of the last subsidy period. At the heart of this proposal is the new proposition enabled by the merger of PUM and DECP, which we have termed Vibrant Business Systems. This proposition entails an innovative and well-rounded approach to improving all relevant aspects of the business environment in which (M)SMEs operate. This approach is spearheaded by empowered (E)BMOs and delivered in collaboration with a range of PSD partners. We coordinate and provide support to (M)SMEs in coherent clusters and value chains. We deliver expertise to BSOs, VETs, and business incubators. And we pursue the systematic direct and indirect empowerment of (E)BMOs in focus countries. Through these pathways, the entire business system will progress to a higher level of functioning. This is not only beneficial for employers and employees, but also contributes to better socio-economic circumstances for society as a whole.

¹ A name change for the new organisation and a rebranding as an entirely new organisation was considered. However, we have decided to maintain the abbreviated name of PUM for two reasons. First, PUM is well-known and has a strong established reputation among clients, embassies and other partners in our focus countries. Secondly, a name change is a costly affair. However, we do intend to substitute the pay-off "Netherlands senior experts" in our name to better reflect the new identity of the merged organisation, our relationship to VNO-NCW and our objectives. NL Employers 4 SDG 8 is under consideration as a replacement for this pay-off.



Relative to the individual activities of PUM and DECP, the transition to a new merged organisation increases the impact of the **NL Employers 4 SDG 8** programme in two ways. First, by strengthening the representativeness and effectiveness of (Employers' and) Business Member Organisations, we are now positioned to help these organisations promote policies conducive to inclusive and

sustainable (M)SME growth in the focus countries. (E)BMOs also collaborate with Trade Unions, including the international partners of Dutch unions FNV and CNV, to improve labour market conditions optimised for broad welfare by promoting social dialogue. By complementing a traditional North-to-South flow of knowledge and expertise with South-South exchanges, we empower the emergence of regional networks. This ensures that structural and lasting improvements to the business system are realised, even after we conclude a specific programme.

Secondly, the structural involvement of PSD partners significantly strengthens our programme implementation capacities. By working together with partners, we can reach greater numbers of clients and more effectively deliver support throughout a selected entrepreneurial cluster. Previously, support was delivered 'scattershot' through many stand-alone missions. Now, clusters of multiple (M)SMEs and actors in the business environment will be structurally embedded in a programmatic approach, powered not only by ourselves but by the additional resources and capabilities of a growing range of local, Dutch and international PSD partnerships.

Our new Theory of Change, incorporated in this subsidy proposal, outlines the logic behind these choices and the expected outputs. Our proposed KPIs and Monitoring, Evaluation and Learning framework are included in this proposal. With the strategic shifts defined below, we position the NL Employers 4 SDG 8 programme to optimally contribute to SDG 8 as well as the MoFA's policy goals.

What's new? Changes between 2016 and 2030		
Subject	From	To
Geographical focus	68 + 34 country programmes in Africa, Asia and Latin America	26 country programmes, mostly in interconnected sub-regions in Africa
Intervention strategy	Stand-alone missions scattered over many locations	Realising systemic change through a programmatic approach to advice and training for a majority of clients embedded in economic clusters
	Improving the results and accelerating business growth of individual SMEs and (E)BMOs	Contributing to a supportive climate for sustainable and inclusive entrepreneurship by strengthening economic clusters including (M)SMEs, (E)BMOs, VETs and BSOs
	PUM and DECP operating as stand-alone organisations	NL Employers 4 SDG 8 Programming in partnership and alignment with other local, national and international organisations and businesses (including Dutch companies, VNO-NCW, FNV, CNV, Africa Strategy partners)
Client and assignment selection	Fully demand-oriented	Demand-oriented assignments, after impact-oriented client selection
Client focus	Indiscriminate approach to all SME entrepreneurs	Supporting (M)SME entrepreneurs with impact potential, with a target percentage of young and women entrepreneurs and employees, as well as including (M)SMEs in joint development activities including trainings, seminars and webinars
	One national Employers' Organisation per country and business member organisations on sectoral level	(E)BMOs on national and sectoral level empowering broad socio-economic leadership
Suite of services	On-site support missions only	Optimal mix of remote/digital and on-site support

Suite of services	Retired PUM senior volunteer experts, limited diversity (majority older and men), and paid DECP experts	More diverse composition of active volunteer experts, including corporate volunteers, with balanced gender representation
	Small scale financial support for (E)BMO activities	No financial support for (E)BMOs (Hans Blankert Fund for SMEs stays intact); focus on knowledge and experience exchange by volunteer experts
	Dutch knowledge transfer to global south	Sharing Dutch expertise as well as facilitating circulation of locally available knowledge and experience through South-South exchange
	Trade promotion on individual basis	Trade promotion increasingly with multiple partners and through digital trade platforms implemented by partner organisations
Organisation	Centralised in the Netherlands	Decentralised where possible
PMEL	Input & output steering, accountability-focused	Outcome & impact steering, focus on learning and development of the organisation both individually and with partners
Financial resources	Subsidy 95%	Aiming for a subsidy contribution of 75% in 2030, through the use of co-financing by additional partners and fundraising sources

2 NL Employers 4 SDG 8 in Context

2.1 History

In 2021, PUM and the Dutch Employers' Cooperation Programme (DECP) began to explore a merger of their two organisations, which led to a planned merger as of January 2023. Our activities will be embedded in the new programme NL Employers 4 SDG 8.

2.1.1 PUM

PUM, one of the founding organisations of the new NL Employers 4 SDG 8 programme, has been an important player in the field of international sustainable development since 1978, when the organisation was founded by the former Dutch employers' federation NCW (now VNO-NCW) in partnership with the Ministry of Foreign Affairs. Over the last 44 years, PUM emerged as the largest private-to-private volunteer organisation in the Netherlands and one of the largest in Europe. Operating from one of the most innovative nations in the world and a strong knowledge economy, the organisation has shown itself capable of accelerating sustainable and inclusive development abroad, especially in places where it is needed most.

The enduring added value of this work is rooted in the volunteer experts that we will continue to work with, who leverage their extensive private sector experience to provide accessible and practical peer-to-peer support to entrepreneurs and business support organisations in developing economies and emerging markets. Thanks to its unique model based on the engagement of volunteer experts, we have been able to reach clients with limited access to knowledge, and provide specific types of expertise that are not otherwise available on the market. Our experts are adept at winning the trust of local clients: the lack of commercial interest of volunteer experts creates a solid basis for a trust relationship. In this way they are also a key force of soft diplomacy, well-placed to open doors for local entrepreneurs as well as helping promote Dutch (business) interests in our focus countries.

Over the course of four decades, PUM supported over 40,000 entrepreneurs at Small and Medium Enterprises (SMEs) in developing countries and emerging markets². But our impact far exceeds these direct beneficiaries, and we recognise that it is more impactful to empower not just SMEs but also the system they are embedded in and its governance. This has led to the proposition outlined in this subsidy request, which centres on partnerships with complementary PSD organisations and engaging systematically with the broader business enabling environment of clients. This environment includes (E)BMOs, which empower Micro- and Small to Medium Enterprises through bipartite and tripartite social dialogue;

² See Annex 1 for more facts and figures.

Business Support Organisations (such as Chambers of Commerce); business incubators; and Vocational Education and Training institutions helping to align the skills acquired by the labour force in focus countries with the needs of (M)SMEs.

2.1.2 DECP

DECP was founded in 2006 by the Ministry of Foreign Affairs and employers' organisation VNO-NCW. Ever since, DECP has focused on strengthening (E)BMOs in developing countries and emerging markets, with the aim of improving the local business climate. DECP has also worked with the international trade union programmes of FNV and CNV to promote social dialogue in several focus countries. By offering advice, workshops, and networks, DECP has supported employers' and entrepreneurial organisations in 22 countries in Asia, Africa and Latin America³, contributing to sustainable economic development in the partner countries.

2.1.3 New NL Employers 4 SDG 8 proposition

With the merger of PUM and DECP, a new proposition was formulated to ensure the impact of the new organisation is more than the sum of its parts. (E)BMOs are newly at the heart of this proposition, as they, alongside the aforementioned BSOs, incubators and VETs, form a crucial part of vibrant business support systems. (E)BMOs help develop socio-political dialogues and lobby political decision-makers to promote a dynamic, sustainable and inclusive entrepreneurial climate in focus countries. The incorporation of (E)BMOs in our mission is thus a step forward, enabling us to increase our impact with an even more comprehensive approach to clusters of (M)SME entrepreneurs.

The NL Employers 4 SDG 8 programme supports and helps to enable the realisation of SDG 8 by promoting the sustainable and inclusive development and growth of (M)SMEs. We seek to redress the structural disadvantages faced by women and young people in focus countries by concentrating more of our efforts specifically on these groups. In this subsidy proposal, our KPIs are presented in Chapter 6 and the strategies to reach and support these groups are presented in paragraph 3.2. To maximise our impact, we team up with local and international partners with a stake in private sector development. In doing so, we work to promote the role of the private sector more broadly as an engine for economic development and broad welfare. Our efforts are thus firmly rooted in the 2030 UN Agenda for Sustainable Development and the adapted Dutch Ministry of Foreign Affairs' Private Sector Development policy agenda for 2030.

³ See Annex 1 for more facts and figures

2.2 Vision and mission

The NL Employers 4 SDG 8 programme contributes to SDG 8 (Decent Work and Economic Growth) by helping grow resilient (sustainable and inclusive) (M)SMEs embedded in a stable and supportive business environment. We exist to realise *Vibrant Businesses, Better Lives*.

Our vision considers (M)SMEs as the backbone of economies and as key vehicles for building people's livelihoods. Beyond generating socio-economic benefits, (M)SMEs in developing countries and emerging markets are valuable partners in creating solutions to key global sustainability challenges. In addition, Micro Enterprises – companies with fewer than 10 employees, often operating in the informal economy – frequently represent a large section of the workforce in our focus countries. Hence, we also consider them part of our target audience and deliver support through trainings, seminars and webinars, with the aim of increasing their competitiveness and enabling their entry into the formal economy. More on this cross-cutting theme can be found in paragraph 3.2.

Our mission is to contribute to SDG 8 by empowering the sustainable and inclusive growth of (M)SMEs in developing countries and emerging markets. We identify three relevant areas of focus to achieve this mission. First, we seek to directly increase the resilience and accelerate the sustainable and inclusive growth of (M)SMEs by sharing the pro-bono, practical knowledge, experience, networks and



skills of Dutch private sector senior experts. Secondly, we strengthen (E)BMOs in our focus countries with the aim of promoting policies and labour market agreements that contribute to sustainable growth, (youth and women's) employment, and broad welfare. Third, we empower (M)SMEs indirectly, creating a supportive business environment by providing our services to BSOs, business incubators, and VETs .

The definition of knowledge used for the NL Employers 4 SDG 8 programme is broad and includes not only substantive professional know-how on specific technologies or ways of working, but also a wide range of 'good business practices' relevant to sustainability and inclusivity goals. Our activities impact three dimensions of systemic change:

- **Better societies:** We help create vibrant business systems that contribute to SDG 8 and broad welfare, socio-political stability, climate action, improved labour conditions and social equality
- **Better functioning markets:** Markets become more competitive and create broad welfare through our support to SMEs, (E)BMOs, BSOs and VETs. We pay special attention to coaching (M)SMEs to enable them to seize market opportunities and overcome structural disadvantages, e.g. through helping them find qualified employees, share experience, access finance, or implement digital innovations;
- **Better governance:** With our network of (E)BMOs, BSOs and governments, we create structural improvements to governance through advocacy and lobby as well as social dialogues that enhance the labour market conditions for (M)SMEs and broad welfare.

PUM has been a long-term trusted partner of the Dutch Ministry of Foreign Affairs in promoting the Netherlands' objectives and interests abroad. As one of the most open and internationally oriented economies in the world, the Netherlands benefits from stability and prosperity across the globe. In the policy note *Investing in Global Prospects*, the Ministry of Foreign Affairs presents its combined agenda for foreign trade and development cooperation (BHOS) which aims to tap into synergies between aid, trade and investment.⁴ The key BHOS policy objectives are the prevention of conflict and instability abroad; the reduction of poverty and social inequality; the promotion of sustainable inclusive growth and climate action worldwide; and the reinforcement of the Netherlands' international earning capacity. We remain a key partner for the Ministry in executing this integrated policy agenda and in mobilising Dutch knowledge and entrepreneurship to help achieve these policy objectives in a range of countries in the global south.

We contribute to the effective achievement of the BHOS policy goals on multiple levels:

⁴ The Netherlands' Ministry of Foreign Affairs (2018) *Investing in Global Prospects - For the World, For the Netherlands*. Policy Document on Foreign Trade and Development Cooperation. The new policy note is expected in spring 2022.

2.2.1 UN Sustainable Development Goals



The 2030 United Nations' Sustainable Development Goals form the overarching development framework for the BHOS policy of the Dutch Ministry of Foreign Affairs. With our activities, we join the Ministry and other partners in international efforts to realise a better and more sustainable future for all. Our added value lies in mobilising Dutch expertise, entrepreneurship and innovation as well as empowering regional networks as key inputs for the achievement of the Sustainable Development Goals (SDGs). As the name suggests, the NL Employers

4 SDG 8 programme is particularly well-placed to contribute to Sustainable Development Goal 8: Decent Work & Economic Growth. SDG 8 explicitly refers to (M)SMEs, recognising the critical role of business and entrepreneurship in promoting sustainable and inclusive growth and in providing productive, decent employment for all. Building on the comprehensive development potential of (M)SMEs, we can also make an impactful contribution to several other SDGs, including SDG 1 (poverty alleviation), SDG 2 (food security), SDG 5 (gender equality), SDG 6 (clean water and sanitation), SDG 7 (sustainable energy), SDG 12 (sustainable consumption and production) and SDG 17 (global partnership). This anchors the NL Employers 4 SDG 8 programme firmly in the SDG agenda.

2.2.2 Private Sector Development goals

One of the key BHOS policy themes is private sector development. The Dutch Ministry of Foreign Affairs recognises the critical importance of local business for sustainable, responsible and inclusive development. Business and entrepreneurship are vital in helping people to find regular income and productive employment, particularly in contexts where poverty and inequality, high levels of (youth) unemployment and lack of decent jobs are prevalent. The COVID-19 pandemic has further stressed the urgency of this need. At the same time, businesses in developing economies regularly experience adverse conditions for doing business.

We make an integrated contribution to this policy theme. The traditional North-South flow of high-quality Dutch knowledge and experience is a key added value that we leverage to help unlock the potential of (M)SMEs, VETs, BSOs and (E)BMOs. These organisations are key stakeholders in (M)SME development and have a pivotal role in creating a more favourable enabling environment for private sector development at large. At the same time, we also seek to empower regional networks through South-South exchanges. By

facilitating both types of knowledge transfers, we strengthen the wider 'business system', more effectively accelerate the growth and formalisation of (M)SMEs, and make a broad impact on economic clusters with our support activities.

Such a systemic approach is rooted in a strong collaborative effort with our Dutch, local and international partners in private sector development. For example, we work with VNO-NCW, Dutch trade unions CNV and FNV and their international partners, Agriterra, and (especially Scandinavian) organisations with similar goals and methods, including NIR, NHO and DI. We aim to intensify our collaboration with such partners to more effectively design and implement programmes, to increase our impact, enhance our additionality and to prevent competition and overlap with efforts by others. More information on our strategy to establish and develop PSD partnerships can be found in paragraph 3.3.4. Programmes are not developed and implemented in isolation, but in close collaboration with organisations that have local presence – including embassies and other local parties supported by the Ministry – to maximise alignment, efficiency and impact. In this way, we tie into the Ministry's private sector development policy towards 2030, which emphasises a coordinated, system-wide approach to achieve more impact.

3 Strategic Plan

3.1 Objectives, goals and indicators

Our work is centred on two interrelated and interdependent objectives. Both objectives are key building blocks for systemic change enabling the realisation of SDG 8 and contribute to the overall goal of sustainable and inclusive economic development for broad welfare. We will present our KPIs and targets after the qualitative description of these objectives.

Objective 1: Resilient (M)SMEs creating more and better jobs and broad welfare

One of our founding organisations, PUM, has supported SMEs for over four decades, and this objective remains at the heart of the NL Employers 4 SDG 8 programme. However, the context and rationale behind our efforts have changed substantially over the years. Where the focus used to be squarely on economic growth in the past, the goals of the MoFA and our partners have increasingly broadened to include sustainability, inclusivity and broad welfare. This shift in focus aligns our efforts better with SDG 8, but it also provides a competitive edge. After all, consumers, business partners and clients throughout the value chain are increasingly vigilant for the Environmental, Social and Governance (ESG) performance of the businesses they interact with.

Thus, to reach this objective, we structurally embed sustainability and inclusivity in our delivery of knowledge, skills and expertise. For example, one of our main industries of focus is the agriculture sector. Here, we pay structural attention to issues including climate adaptation, natural resource efficiency, biodiversity and regenerative farming practices. As another example of our contribution to broad welfare, digitalisation has become one of the key forces driving market dynamics and will be crucial for competitiveness in the years to come. Through expert advice, seminars and webinars, we help (M)SMEs to build an online presence, master and adopt digital tools and marketing channels, while also emphasising safe and healthy working conditions and the option of generating renewable energy through solar panels.

Two strategic pillars underpin this objective. Firstly, our cluster focus (paragraph 3.3.2) and programmatic approach (paragraph 3.3.3) increase the impact and coherence of our work by generating spill-over effects and synergies among interconnected networks of direct and indirect clients. Secondly, by conducting a greater number of collective trainings, seminars and webinars, we are able to reach larger numbers of clients and also share our knowledge with individual entrepreneurs and MSMEs whose limited impact potential would make it difficult to justify individual support. This more systematic way of working in programmes and clusters and the integration of MSMEs in our efforts sets our new way of working apart from PUM's historical reliance on individual missions.

The NL Employers 4 SDG 8 programme focuses especially on two vulnerable groups in our focus countries: women and youth. These groups represent significant untapped economic potential and their

empowerment contributes to more stable and equal societies. Our targets are incorporated in the table below. We will address these cross-cutting themes in more detail in paragraph 3.2.

Objective 2: An enabling business environment facilitating strong (M)SMEs

Because of their size and relative isolation, (M)SMEs are strongly dependent on the business system they are embedded in. (M)SME growth is empowered by vibrant business systems, and support to (E)BMOs, BSOs, business incubators and VETs is thus an essential component of driving sustainable and inclusive economic development. We therefore engage with a range of organisations in the broader enabling environment as key stakeholders in the business system. We provide direct and indirect support to BSOs, business incubators and VETs. Empowering (E)BMOs directly, as well as indirectly by facilitating South-South knowledge transfers, is an important new element of our way of working. This enables strong and coherent organisations with a vested interest in promoting SME-friendly policies and labour market agreements to spearhead bipartite and tripartite social dialogue.

Youth is an important cross-cutting focus for this objective. Through direct support to young entrepreneurs and to young start-ups via business incubators, we help young entrepreneurs build a viable business. In addition, by assisting Vocational Education and Training institutes, particularly by helping them develop more dynamic and up-to-date curricula leading to the acquisition of in-demand skills for private sector employment, we strengthen the employability of youth and improve their prospects of obtaining decent work.

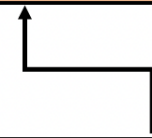
Key Performance Indicators and Targets

We have translated the objectives above into targets on outcome and impact level. Some targets of new KPIs have been left open until 'zero measurements' can be conducted. Upon conclusion of these measurements, the annual targets will be specified in our annual plans. The full overview of KPIs, including those relevant to the PSD results framework will be included in Chapter 6 of this proposal.

We understand that quantitative measurements cannot always represent the complexity and richness of our impact on a cluster of direct and indirect clients. Hence, we will conclude all programmes with a case study, which will incorporate a written reflection on the changes we helped facilitate and any lessons learned. More-over, some programmes will be evaluated on location, as part of the learning agenda developed with the external evaluation party to be contracted.

The draft Theory of Change (ToC) included in this proposal represents our overall vision of how we hope to deliver impact on our objectives. The ToC covers all aspects of support, knowledge transfer and expertise sharing by our experts. The Logic Model below shows how these activities are monitored, representing the KPIs at the aggregated levels used at present. During the merger between PUM and DECP, the ToC and this Logic Model will become more closely aligned and may be subject to adjustments. Full information on our KPIs is found in Chapter 6 of this proposal. The preliminary ToC can be found in Annex 2.

Goal: Inclusive development by accelerating growth of sustainable (M)SMEs to their full potential



Pillar 1		
Resilient SMEs accelerating more and better jobs and broad welfare.		
Result 1: (M)SMEs performance improved 1.a Percent of (M)SMEs with increased turnover 1.b Percent of (M)SMEs with increased profit 1.c Percent of (M)SMEs with increased number of jobs	Result 2: (M)SMEs with increased resilience 2.a Percent of (M)SMEs with increased resilience	Result 3: (M)SMEs with good or improved performance on sustainable and inclusive business practices 3.a Percent of (M)SMEs with good or improved performance on sustainable and inclusive business practices

Pillar 2
An enabling business environment facilitating strong (M)SMEs
Result 4: BSOs and (E)BMOs supported to improve enabling conditions for (M)SMEs 4.a Percent of Organisations (BSOs or (E)BMOs) supported to improve enabling conditions for (M)SMEs

Improved and responsible business operations					
Sub-Result 1.1: (M)SMEs capable of improving performance 1.1a Average compound annual revenue growth rate of individually supported (M)SMEs business development (PSD indicator B) 1.1b Number of direct jobs supported in individually supported (M)SMEs (PSD indicator F)	Sub-Result 1.2: Decent jobs supported 1.2a Increase number of decent jobs supported (ILO definition)	Sub-Result 1.3: Companies ((M)SMEs a.o.) enabled to make a business plan to invest, trade or provide services 1.3a Number of supported companies which have a plan to invest, trade or provide services (PSD indicator A)	Sub-Result 1.4: (M)SMEs a.o. companies that meet sustainable standards 1.4a Number of companies (including (M)SMEs) that meet firm-specific, national, or international sustainability standards business development/enabling environment (PSD indicator I)	Sub-Result 1.5: Additional capacity to improve performance and resilience 1.5a Number of (M)SMEs supported on digitalisation 1.5b Number of (M)SMEs supported on aspects related to climate change adaptation and mitigation and energy	Sub-Result 1.6 Improved indicators on inclusiveness. 1.6a Number of start-ups (men – women owned) supported by Incubators; 1.6b Number of organizations (men – women owned) supported by VETs; 1.6c Percentage start-ups youth-owned (<35yr, men-women) supported by incubators 1.6d Percentage organizations youth-owned (<35yr, men-women) supported by VETs

Improved business representation		
Sub-Result 2.1: Capacity of (E)BMOs influencing conditions for doing business 2.1a: Number of (E)BMOs influencing conditions for doing business	Sub-Result 2.2: Organizations strengthened which contribute to a sustainable local business climate 2.2a Number of strengthened organisations which contribute to a sustainable business climate (PSD indicator L) 2.2b Number of members of supported organisations which contribute to a sustainable business climate	Subresult 2.3: (E)BMOs able to conduct social dialogs 2.3a Number of Social dialogues conducted by (E)BMOs resulting in improved policies and/or industrial relations

Strengthened business enabling environment				
Sub-Result 3.1: Organizations with increased inclusive business practices 3.1a Number of (M)SMEs with increased inclusive business practices for women and young entrepreneurs 3.1b Number of BSOs with increased inclusive business practices for women and young entrepreneurs 3.1c Number of VETs with increased inclusive business practices for women and young entrepreneurs	Sub-Result 3.2: Incubators capable to supporting (M)SME clusters 3.2a Number of incubators that have initiated/ supported local SME clusters	Sub-Result 3.3: VETs capacity improved 3.3a Number of VETs with improved practices for skills development	Sub-Result 3.4: Organizations engaged in Cluster/programme activities 3.4a Percent of (M) SMEs engaged in Cluster/programme activities 3.4b Percent of BSOs engaged in Cluster/programme activities 3.4c Percent of VETs engaged in Cluster/programme activities	Sub-Result 3.5: Active Multi-stakeholder initiatives 3.5a Number of multi-stakeholder initiatives (including PSD partners) that have expanded business enabling environment
3.6 Outreach. 3.6a Number of members of supported organisations (PSD indicator M)				

3.2 Cross-cutting themes

We have identified six cross-cutting themes as a vehicle for our contribution to the additional SDGs and the MoFA's PSD policy overall. These themes guide our work, and we seek to address the cross-cutting themes in all our programmes and activities, where possible and relevant.

Gender equality & women's empowerment

SDG 5, 'Gender Equality', is one of the additional SDGs where we can make an impact. Investing in equal opportunities for women reflects Dutch values, but it is also a matter of 'smart economics' and a pathway towards achieving other SDGs. For these reasons, strengthening the economic position of women is one of our cross-cutting themes, and part of our Diversity & Inclusion ambition. In many developing economies, women's contributions to business development, entrepreneurship and other economic opportunities represent a significant untapped potential. At the same time, the COVID-19 pandemic has further laid bare and aggravated existing socio-economic divides, including along gender lines. This is also reflected in the pandemic's impact on women entrepreneurs and their position on the labour market. We actively promote and support women entrepreneurship, train our experts to provide gender-sensitive support, embed (gender) diversity and inclusion in our work with clients, and strengthen women's economic empowerment through (E)BMO (lobby) activities, taking steps towards a world with equal opportunities for all.

In order to achieve this, we build and share a database of best practices of gender equality in business. We also develop guidance to help our local representatives increase their acquisition of women-led SME clients. Furthermore, we engage in partnerships with associations of women entrepreneurs as an opportunity to support groups of (M)SMEs. Gender is also a factor in our cluster selection: we intentionally select clusters including sectors and value chains with a substantial number of women entrepreneurs and employees, such as the so-called "women's crops" shea, argan and sesame, as well as textiles and tourism. Our Hans Blankert co-investment fund (see paragraph 3.4) offers better terms for women entrepreneurs. Our training programmes for our volunteer experts cover a range of gender-related topics including awareness of unconscious biases, empowerment of women leadership, ensuring equal participation in trainings, equal and gender specific labour conditions. Besides our listed target of supporting at least 40% women entrepreneurs by 2026, we have also set an internal goal of achieving a more balanced composition with at least 20% women experts, who have historically been more difficult to recruit.



Youth entrepreneurship and employment

Access to education and training is the single most important factor in promoting equal opportunities for young people. Many countries in the global south have a bottom-heavy population pyramid with a significant majority of the population comprised by people under 35 years old. A mismatch between the demands of the labour market and the skills young people can supply leads to high levels of youth unemployment. This, in turn, is directly connected to other societal challenges including political instability and irregular migration. The COVID-19 pandemic has further aggravated this situation by forcing many educational institutions to close for a prolonged period.

If properly empowered, a youthful population full of entrepreneurial drive, creativity and innovation can be a major dividend for private sector development. As such, one of our cross-cutting themes, also part of our Diversity & Inclusion ambition, is to promote youth entrepreneurship and employment through business incubators and VETs. Business incubators have a key role in promoting new start-ups and giving the entrepreneurs of tomorrow an opportunity to learn through hands-on training programmes, incorporating (sustainable and inclusive) entrepreneurial best practices. We support VETs to equip young people with in-demand skills for the labour market, for example by identifying the labour market needs of strong economic clusters in a focus country and collaboratively developing curricula with schools and governments. With these activities, by 2026 we aim to reach at least 25% young entrepreneurs in our

support to SMEs (PUM 2021: 19%) and 60% young entrepreneurs for start-ups supported by incubators (PUM 2021: 56%).

Climate change mitigation & adaptation

Climate action (SDG 13) is a global urgency, and developing economies are considered the most endangered by climate change. Climate-related changing weather patterns and disasters put increasing pressure on key resources including water, food and land, and have broader societal effects such as poverty and irregular migration. Climate change is also ranked among the key risks for the business community. (M)SMEs are often un(der)prepared and have less access to strategic resources (such as finance, knowledge, technology) to cope with the effects of climate change, such as physical damage to production facilities, shortages and price increases of natural resource inputs. (M)SMEs are affected by climate change, but can also make a significant contribution to climate change mitigation and adaptation. We provide practical climate change mitigation and adaptation-related advice to (M)SMEs across various sectors to help them do so.

In the area of climate change mitigation and adaptation, we support clients with viable business models to help reduce costs as well as climate footprints through improving energy- and water efficiency. Our advice and support also helps them seize new market opportunities with circular practices and the use of renewable energy with solar, wind, and biomass residue applications, such as biogas installations and the use of cotton starch waste in energy production. We select businesses that process non-timber forest products to protect natural forests. We also promote climate change adaptation opportunities, like support to improved soil management, drip irrigation, sustainable building techniques, and drought-resistant crop cultivation. Our own shift to balancing missions with remote support underlines our commitment to sustainable ways of working.

Digitalisation

Digital technological innovation brings the world market within reach for businesses, and creates unique opportunities for sustainable and inclusive growth, including for developing economies. In addition to speeding up progress in achieving the SDGs, digitalisation also provides great opportunities to entrepreneurs that are well-positioned to take innovative technological leaps. At the same time, digitalisation can create challenges for (M)SMEs in remote areas where broadband Internet access, computers and digital skills are not self-evidently present, leading to a lack of competitiveness. Our support therefore includes specifically helping entrepreneurs to overcome the lack of knowledge and skills on digitalisation and innovation. Through advice, training, and seminars/webinars, we help (groups of) (M)SME entrepreneurs to adopt new business strategies and digital tools, such as e-marketing. With the Netherlands ranked as one of the most tech-savvy countries of the world, we recruit volunteer experts from innovative Dutch corporations who are willing to share their high-level digital knowledge and skills with entrepreneurs in the global south.

Social dialogue

Government policy and labour market conditions play a major role in creating an environment where small businesses can compete, grow, and flourish. DECP, one of the founding organisations of the NL Employers 4 SDG 8 programme, was established in 2005 as a partnership between the MoFA and Dutch employers' organisation VNO-NCW to help employers' and business member organisations professionalise. When equipped with sufficient knowledge, membership and resources, these organisations can play an important role in creating vibrant business systems and raising the standards of decent work. For example, (E)BMOs can advise governments on economic policy that is advantageous to (M)SME growth and be a partner of trade unions in negotiating collective bargaining agreements that promote broad welfare. We will continue to support DECP's current clients in focus countries, while also adding South-South-exchanges as a new activity (see paragraph 3.4) to structurally enhance the resilience of (E)BMOs in target countries.

Informal economy

PUM has historically focused on SMEs, defined as companies with a number of employees ranging from 10 to 250. It was considered that this client focus would maximise PUM's impact potential, since these companies employ a large percentage of labour force, while facing steep challenges due to their relatively limited access to finance and knowledge. Empowering them benefits the lives of all employees involved as well as other, also informal companies in the value chain.

In many of the countries we are active in, the informal economy is rather large compared to the formal economy. The informal economy in these countries takes a multitude of forms, varying from individual street vendors to startups and smallholder farmers that may or may not be organised in cooperatives. We have already taken initiatives to involve, include and support the informal economy and help its participants enter the formal economy. From 2015 onwards, PUM has supported over 150 business incubators, helping thousands of mostly informal start-up entrepreneurs translate their ideas into products and services with market potential, develop a business plan, find their first customers, access funding, and formalise their business so that it can grow into an SME. Our understanding is that group trainings and seminars can generate additional impact by including MSMEs (micro-companies with up to 10 employees) in our target clientele. In recent years, DECP has brought together employers' organisations in subregions to create awareness and discuss opportunities to formalise the informal economy (Latin America) and – together with trade unions – to address the needs of informal workers in the economy (Asia). In Togo, we have worked together with Agriterre to attract the agricultural sector to join the national employers' organisation. We plan to continue these activities in the new programme, such as awareness-creating activities (webinars, seminars and workshops), start-up support through incubators, and (E)BMO support to help address the challenges of the informal economy.

3.3 Approach

Lessons learnt over the past years, consultations with internal and external stakeholders and the results of the most recent evaluations have provided us with a range of insights that enable us to further increase our impact. In order to further enhance our effectiveness, coherence and additionality, we plan to further strengthen our proposition through four strategic pillars: vibrant business systems, the cluster focus, the programmatic approach, and working in partnerships.

3.3.1 Vibrant Business Systems

With the merger of PUM and DECP, our pool of volunteer experts will now have the capacity to develop the entire business enabling environment and reach clients both directly and indirectly. This includes facilitating training and guidance through BSOs and enhancing the knowledge and lobbying capacity of (E)BMOs for decent work and sustainable growth. Strengthening of sectors, value chains and area can in turn increase our additionality to PSD and other programs.

Vibrant Business Systems is the name of the new proposition central to the NL Employers 4 SDG 8 programme. This entails an innovative and well-rounded approach to improving all relevant aspects of the business environment in which (M)SMEs operate, spearheaded by empowered (E)BMOs and delivered in collaboration with a range of PSD partners. By coordinating support to SMEs in coherent clusters and value chains, the delivery of expertise to BSOs, VETs, business incubators, and the systematic direct and indirect empowerment of (E)BMOs in focus countries, the entire business system will progress to a higher level of functioning.

The Ghana poultry cluster as a model for Vibrant Business Systems

In recent years, PUM has supported almost 80 SME businesses in the poultry value chain in Ghana, with valuable results. However, the cluster still has weak ties to the world outside the production chain and weak networks between the companies within the cluster, leaving opportunities for further improvement.

On behalf of PUM and DECP, a Dutch expert has undertaken a fact-finding mission and made an assessment of the Ghanaese poultry ecosystem. 10 elements of the entrepreneurial ecosystem were examined (e.g. talent, financing, legislation and infrastructure). Limited access to finance and insurance, market distortion by suppliers, possible dumping of chicken meat and weak relevant regulation were identified as the main limiting factors in the ecosystem, whereas increased purchasing power and increased demand for eggs emerged as opportunities from the assessment.

Our organisation is not able to provide support and knowledge on the full range of these issues. Partnerships with PSD organisations and local parties focused on access to finance and insurance for the poultry cluster can complement our efforts.

Weak networks and lack of leadership were identified as the primary areas where we are best equipped to provide essential support. By strengthening poultry sector organisations, improving the lobbying and advocacy skills of these organisations and providing process guidance to develop an industry-wide strategy, we can contribute to improved business performance and structural improvement of the business enabling environment for this cluster. Together with workers' representatives and trade unions, tripartite social dialogue with the Ghanaese government can lead to better positioning of the poultry cluster in the Ghanaese economy and society.

As part of the Vibrant Business Systems pilots, one or more powerful and representative Ghanaese poultry sector organisation(s) will be in the lead to implement the strategy and action plan to improve the business environment and ecosystem of the Ghanaese poultry cluster to make the cluster future-proof. Alongside other relevant PSD organisations and local partners, we will regularly provide the sector organisation(s) with advice and knowledge to make this broad partnership and multi-annual pilot a success and help the poultry industry grow into an inclusive, sustainable and competitive sector that creates broad welfare.

The Vibrant Business Systems approach will be developed in the course of the merger between DECP and PUM, aiming to utilise the complementary strengths of both organisations, with as ultimate goal the formulation of a powerful new proposition for the NL Employers 4 SDG 8 programme that is more than simply the sum of its parts. In order to develop and optimise this joint approach, we will implement national pilots in 10 focus countries where both PUM and DECP have a track record.

In these countries, we will first select the most promising cluster of SMEs, identified and supported by PUM. These clusters are typically in food production and processing, tourism or textiles. (E)BMOs or sector organisations active in the area are also identified, and priority is given to existing relationships of DECP.

Our experts and local representatives will then conduct an assessment to identify the key challenges and opportunities in the business enabling environment of the cluster. The outcomes of such assessment vary by sector and region, and harmful factors to the business enabling environment may include anti-competitive laws, limiting rules and regulations, lack of capital for SMEs, a skills gap on the labour market, labour conflicts, asymmetrical competition with imported products or state-subsidised competitors, sustainability issues, lack of infrastructure, no local value addition, low prices, high resource costs, no access to land, or damaged relationships. Some of these issues may particularly affect women and young entrepreneurs and require specific interventions.

After the assessment, we will identify possible partners who can contribute to solutions and help the cluster tap into opportunities. These partners include PSD organisations, Dutch companies, and local partners. For example, in clusters where labour relations are a key issue, we would seek the assistance of CNV and FNV and promote social dialogue to reach an agreement. Our involvement may also result from analyses conducted by our partners, who may choose to bring us on board to help design and/or implement a programme.

In collaboration with our partners, a strategy and programme will be developed. Programme activities include advice, training and guidance delivered to a range of SME clients and organisations in the business enabling environment, including (E)BMOs, sector organisations, VETs, incubators and BSOs. Where our support is deemed additional and effective, we may also support other activities by partners in the area of their expertise. Examples of support provided to address specific challenges include the development of a master plan, matching SMEs with BSO support, capacity building of (E)BMOs to improve advocacy and lobbying, or bipartite or tripartite social dialogue. We may also provide SMEs with specific technical knowledge to upgrade production processes, help improve a VET's curriculum to better meet the needs of the labour market or establish trade and investment links between clients and Dutch companies.

The short-term objectives of a Vibrant Business Systems pilot are improved business performance of (M)SMEs and increased capacities of organisations in the business enabling environment. The long-term objective is the structural improvement of the entire business ecosystem for inclusive and sustainable development, by addressing the full range of stakeholders involved. Our intention is to start the pilots in 2023 and to evaluate the first successes and learnings after two years. Based on lessons learnt, we aim to roll out the Vibrant Business Systems approach to all focus countries in our geographical scope by 2030.

3.3.2 Cluster focus

A key aspect of our strategic direction for the next years is working in economic clusters. An economic cluster is a geographically proximate constellation of interdependent businesses (SMEs and other businesses) and associated institutions (trade associations, BSOs, incubators and VETs). Clusters are considered key drivers of sustained business development, competitiveness, and innovation. By focusing its efforts on these clusters, the NL Employers 4 SDG 8 programme ties into the systemic approach to private sector development promoted by the Ministry of Foreign Affairs as part of its BHOS policy.

Defining clusters

As shown in the Theory of Change (Annex 2), many (M)SMEs face obstacles to growth that are linked to their size and systemic challenges in the business environment. These obstacles are compounded by the relative isolation in which many (M)SMEs in the global south operate. Businesses acting alone have limited access to knowledge and other key resources and are more constrained in their ability to steer business performance. Thus, in order to achieve long-term growth, (M)SMEs need to find ways to overcome their smaller size and isolation in their business environment. One way to do this is by creating and strengthening linkages with other businesses and other organisations in their business enabling environment as part of an economic cluster.

Businesses operating in a cluster are connected in several ways, as competitors, stakeholders and partners through horizontal and vertical linkages. Because of their proximity – by geography and activities – businesses in well-functioning clusters enjoy the benefits of synergies, economies of scale and spill-overs, through all sorts of collective activities (including social dialogue, joint purchasing, common production locations, and shared R&D facilities). Clusters also tend to exert pressure on (M)SMEs to compete with other companies, which is associated with improved business performance. Empowering the clusters in which (M)SMEs are embedded is therefore a strategic means of maximising our (direct and indirect) effectiveness as well as achieving long-term, sustainable results.

Cluster selection

We focus our support activities on a limited number of economic clusters per country to make most effective use of our resources. We target clusters with a high SME growth potential and relevance for sustainable development in the country. Existing cluster choices of founding organisation PUM are prioritised, tapping into their unrealised development potential and building on established cluster linkages. The selection of relevant clusters is based on a sound problem analysis and stakeholder consultations: we identify policy and market constraints, potential clients, partners and other stakeholders, as well as enabling factors that can multiply impact. The problem analysis is also used by our local representatives to establish and strengthen relationships with relevant cluster stakeholders.

We have our own feasibility studies and fact-finding tools, but also collaborate with government embassies and PSD partners in focus countries to conduct these analyses, building on present knowledge

and opting for an agile and pragmatic approach. In addition to actively seeking collaboration with others, we have found that the cluster focus is executed more effectively by starting with small-scale interventions with a limited number of businesses and organisations, organically scaling up with the potential to make a growing impact over time. This links the cluster focus to the programmatic approach as defined in paragraph 3.3.3.

Advantages of the cluster focus

Despite the potential benefits of collaboration, entrepreneurs often choose a go-it-alone strategy because of lack of trust or familiarity with the broader business environment or other barriers to cooperation. This allows us to deliver a clear added value, as our comparative advantage lies in our practical, entrepreneurial sector expertise and experience, a capacity to help overcome barriers to cooperation (transaction and coordination costs, adverse business culture), and an ability to foster linkages between cluster stakeholders and to encourage mutual learning and trust. Furthermore, our comprehensive expertise across market sectors and with both businesses and associated institutions (BSOs, (E)BMOs, VETs) aligns well with the multidimensional nature of clusters.

The cluster focus is aimed at generating spill-overs, multiplier effects and demonstration effects by tapping into the interdependencies of businesses and associated institutions in their enabling environment. The NL Employers 4 SDG 8 programme creates synergy and coherence between different economic activities within a cluster through a range of approaches, including advice and networking activities for SMEs, train-the-trainer methodologies for incubators, supporting VETs with the development of relevant curricula meeting SME demand, facilitating Business-to-Business support by Dutch corporates, and empowering social dialogue through (E)BMOs.

As an example of the positive ripple effects of the cluster approach, we might simultaneously work with a sector association, individual businesses within the network of this association that require qualified staff, and an educational institute that trains the future labour force of these businesses. By linking these activities, our support cuts both ways and helps to bridge the common mismatch between vocational education and the requirements of the labour market found in many focus countries. Another example could be that we share knowledge with a group of SMEs within a certain cluster to increase their competitiveness, while at the same time building the capacity of the relevant sector association in order to strengthen the position of the businesses through lobbying and bargaining with trade unions via social dialogue. As a result, many more businesses besides the ones receiving our direct support may benefit.

3.3.3 Programmatic approach

The third pillar of our strategic focus is the programmatic approach, which is closely interlinked with the cluster focus. Both these strategic pillars aim to enhance synergy and coherence for increased impact. Whereas the cluster focus helps to increase relevance and create 'wider' synergy and coherence between support activities for and with stakeholders in the business system, the programmatic approach is aimed at

building 'deeper' sustainable, long-term, results by prolonged multiannual engagement with groups of PUM's clients and other stakeholders in the business enabling environment.

The BHOS private sector development policy for 2030 emphasises defragmentation and a systemic approach for more impact. This shift towards a systemic vision on sustainable and inclusive private sector development is one of the main drivers behind our programmatic approach. The programmatic approach represents a strategic shift toward more impact-focused client selection and ways of working, moving away from stand-alone, short-term support of clients where no clear path to wider spill-over impact could be identified.

CASE: DIGITAL MARKETING AND E-COMMERCE IN BOLIVIA

In 2021 the Chamber of Commerce (CoC) in La Paz, Bolivia contacted PUM asking to organise a webinar series about Digital Marketing and E-Commerce. The CoC selected six businesses among their members: a florist, a wine producer, a supermarket, a jeans manufacturer, a chocolatier, and a toys company.

Three PUM experts developed and delivered the webinars, which both the businesses and trainers of the CoC attended, so that they in turn will be able to train other CoC members in the future. In addition, each expert coached two companies (in pairs) through applied learning. "The participants had to actively participate," explains Harm Spoor, PUM's sector coordinator IT Business Consultancy. "While reviewing each other's business cases, the companies got inspired and learned from each other."

The programme was a success. The CoC has asked PUM to organise a follow-up series. It is a concept that can be duplicated to other countries as well: requests already came in from Peru, Rwanda and Tunisia.

We use the programmatic approach to enhance the sustainability (durability) of direct effects among clients. We do this by offering the optimal combination of remote and on-site support and other services, systematically following up over multiple years, and by working with a team of experts rather than just relying on the one-on-one relationship of an expert and an entrepreneur. Notwithstanding this longer-term approach, we take care to ensure that clients do not become dependent on support: the objective of realising resilient, self-sufficient business systems remains firmly at the heart of our service proposition.

Advantages of the programmatic approach

Embedding support activities in a programmatic approach enables us to realise impact on a larger scale (groups of (M)SMEs), and to effectuate a more prolonged engagement with clients and other business system stakeholders. In this way, programmatic delivery is a key means to achieve more impact. The

findings of the most recent evaluation of PUM also clearly indicate the potential of generating (in)direct effects through this way of working.

For our programmatic approach, we can build on several comparative advantages. Our comprehensive (in-house) practical expertise is a unique asset and has proven to be a valuable component of the programmes we develop and implement with our PSD partners. Another advantage lies in PUM's local representation and networks in the focus countries, facilitating the programmatic approach at field level and building local ownership.

Programmatic implementation

PUM has implemented activities by means of a programmatic approach for some time. Building on the external evaluation's findings and on the lessons learnt in recent years, we will continue to develop the programmatic approach to further enhance efficiency and effectiveness. Specifically, an intensification of our work with partners and a more systematic approach to increasing the number of programme implementing PSD partners with local presence will be outlined in paragraph 3.3.4. We have found that this contributes to the additionality and effectiveness of our programmes, relative to developing our own programmes in isolation. This effort is thus also closely aligned with BHOS standards for our evaluation.

A role as a partner in programmes implemented by others has proven to be an effective and suitable way of working. Examples of effective programmatic collaboration that we would like to replicate have been realised by PUM with SNV in Kenya (aquaculture, horticulture, dairy), with ZIMtrade and the International Labour Organisation (ILO) in Zimbabwe (fruits & vegetables) and with ITC in The Gambia (poultry). Another area of development is to improve insight into the results and added value of the programmatic approach through monitoring, evaluation and learning, which will be further outlined in Chapter 6 of this proposal. This applies to programme effects among the clients directly supported as well as the indirect effects of our support.

3.3.4 Partnerships

The objective of the NL Employers 4 SDG 8 programme to accelerate sustainable and inclusive growth of developing countries and emerging markets, boost entrepreneurship in the global south and strengthen the competitive position of (M)SMEs in a difficult socioeconomic context, is a challenge of great magnitude. It goes without saying that the realisation of this objective requires more work than we can deliver on our own. That is why we seek to align our efforts and partner up with complementary PSD organisations who can contribute additional capacities or resources, for programmatic collaboration or in other areas of cooperation. By doing so, we underwrite the international recognition that strong partnerships and cooperation are essential to achieve the Sustainable Development Goals, as illustrated by SDG 17 'Partnerships for the Goals'. We therefore seek to collaborate with a wide range of partners across different segments of society, with international organisations as well as with local stakeholders in focus countries, to maximise our effectiveness and contribution to systemic change.

Dutch business community

The Dutch business community is home to many natural partners for the NL Employers 4 SDG 8 programme: after all, the representative organisation for Dutch employers NCW (now VNO-NCW) stood at the cradle of both our founding organisations PUM and DECP. Our activities can contribute to SDG 8 with win-win opportunities for our local clients and for Dutch businesses. Collaborating with Dutch business partners can act as catalyst for our support to (M)SMEs, while it also provides opportunities for Dutch business to gain a foothold or to expand business in new markets. With the Business Circle as key networking instrument, we can build on promising projects with partners from the Dutch business community such as DOW, ACHMEA, RijkZwaan, and Eurofins. An example of synergy can be found in the Africa Strategy, led by VNO-NCW and executed in collaboration with partners such as NLinBusiness, aimed at stimulating Dutch trade and investment in fifteen selected African countries.⁵ Our networks in these countries and our unique understanding of the importance of (M)SMEs to international value chains enable us to provide a clear added value to this strategic effort.

The Africa Strategy was developed in 2019 by VNO-NCW and MKB-Nederland in collaboration with a range of partners, including DECP and PUM. While Africa shows sustained economic growth, the continent struggles with demographic issues such as population growth and urbanisation.

The partners that developed the strategy see opportunities for Dutch businesses to help African countries to overcome these challenges. With their products and services, the Dutch business community can contribute, for example, to building networks, improving access to finance and accelerating sustainable economic development as clients and partners of African businesses.

With the ambition to double the current trade and investment done by the Netherlands in Africa by 2030, VNO-NCW and MKB-Nederland are confident that this will not only create opportunities for the Dutch entrepreneurs, but also bring broad welfare for Africa and its population. In this way, the Dutch business community also contributes to achieving the SDGs.

PSD partners

We are also building towards a harmonised and synergetic collaboration with PSD partners, particularly through programme implementation. PSD partners are organisations that support the private sector as an engine for sustainable and inclusive development in developing countries and emerging markets. The Dutch Ministry of Foreign Affairs, with private sector development as one of its key themes, actively promotes collaboration between the PSD organisations that it facilitates and emphasises the importance of synergy between their activities. As such, we will coordinate activities with PSD partners like the Dutch

⁵ VNO-NCW, MKB-Nederland, NLinBusiness, DECP, PUM et al. (2019) *Afrika Strategie Nederlands bedrijfsleven*.

trade unions FNV and CNV, RVO/CBI, Solidaridad, SNV, FNP, FMO, Agriterre, Spark, Cordaid/ICCO and IDH as well as with other Dutch-funded programme implementors like 2SCALE, TechnoServe, and Mercy Corps.

We have strategic two priorities for PSD collaboration in the coming subsidy period. First, we will incorporate social dialogue involving (E)BMOs, trade unions and governments as a structural cross-cutting theme in our activities. The Vibrant Business Systems pilots approach, explained in paragraph 3.3.1, gives us a new competitive advantage and increases our additionality to other PSD partners in the field. Secondly, we will intensify our efforts to seek new PSD partnerships and intensify existing ones, enabling us to pool our resources to implement a larger number of programmes and generate more impact. For an overview of our envisioned PSD partnerships, please see the table below.

NL Employers 4 SDG 8 – envisioned PSD Partnerships		
Organisation name	Added value	Intended strategic collaboration
Mondiaal FNV, CNV International	<p>Employee representation in social dialogue.</p> <p>International value chain programmes.</p>	<p>Joint implementation of social dialogue activities; joint 'poldermodel' expertise to reach labour market agreements</p> <p>Collaboration on recruiting “corporate volunteers”/ social dialogue experts with Labor Union background</p> <p>Promoting trade union involvement in one or more Vibrant Business Systems pilots</p> <p>Joint projects related to CSR sector covenants⁶</p>
RVO	<p>Coordination PADEO programmes, opportunity to influence local and national governments in RVO-funded PSD programmes.</p> <p>Country information, RVO PSD toolbox, PSD coaches, programme funding.</p> <p>Incubator/youth employment programme</p>	<p>Local representatives are or can be resources for PADEO, with intention to jointly implement PADEO programmes, involving EBMOs and SMEs. The poultry cluster in Ghana supported by us, is expected to become a part of the PADEO programme in Ghana.</p> <p>Our experts conduct feasibility studies, provide advice and training in RVO funded programmes, including business incubator programmes</p>

⁶ Example Uganda: joint initiative to scan future perspective Ugandese horticultural sector

	NL Energy Compact	<p>RVO country information is input for country and cluster analysis, as well as pilot programmes Vibrant Business Systems</p> <p>Membership of NL Energy Compact offers a scaling and networking opportunity</p>
CBI	Expertise on European imports and exports, international value chain programmes	<p>Providing expertise to CBI's international value chain programmes</p> <p>CBI involvement in one or more Vibrant Business Systems pilots</p>
Agriterra	Expertise in formalising smallholder cooperatives	<p>Increasing representativeness of (E)BMOs by involving cooperatives in the membership, formalised with Agriterra support⁷</p> <p>Our expertise provided to SMEs in value chains supported by Agriterra and consortium partners</p> <p>Agriterra involvement in one or more Vibrant Business Systems pilots.</p>
IDH	<p>Expertise in international fair and sustainable trade, involving corporations and smallholders.</p> <p>International Trade platform</p> <p>Participant in VNO-NCW Africa strategy group</p>	<p>Entrepreneurial expertise is provided to SMEs in value chains of corporations supported by IDH⁸</p> <p>Participation of SME clients in IDH's trade platform</p> <p>Joint value chain programmes and consortia in the Africa Strategy group, of which IDH is a member</p> <p>IDH Involvement in one or more of 10 Vibrant Business Systems pilots</p>
FMO, Invest NL, plusplus Fund	<p>Expertise in finance and capital for investments</p> <p>International financing institutions and funds providing finance to local banks, MFIs and SMEs.</p>	<p>We provide pre-investment and post-investment expertise to SME investees of local banks, MFIs, and Plus Plus fund.</p> <p>Joint value chain programmes and consortia in the Africa Strategy group, of which FMO is a member</p>

⁷ Example Togo; Agriterra provided advice and managed efforts to engage the agricultural sector organisation with the Togolese national employers' organisation

⁸ Example Ethiopia; recycling programme with NL floriculture businesses

		<p>Financial institution involvement in one or more of 10 Vibrant Business Systems pilots.</p> <p>We support SME's in international value chains with Dutch companies that benefit from Invest NL financing.</p>
Netherlands Africa Business Council (NABC)	Business contacts and trade relations between Netherlands and African companies	<p>Joint value chain programmes and consortia in the Africa Strategy group, of which NABC is a member.</p> <p>Joint fundraising and programme implementation.</p> <p>Involvement in one or more of 10 pilot programmes Vibrant Business Systems</p>
SNV, Solidaridad, Spark, 2Scale, ITC	PSD programme implementation partners	<p>MoU's for joint programme implementation and fundraising</p> <p>Our expertise provided to SMEs in multi-stakeholder market development programmes implemented by PSD partners</p>
Netherlands Food Partnership NFP	Network of businesses, government and NGOs, and knowledge on transformation of food systems	Participation in network activities especially IT in agribusiness, and collaboration with network partners
MVO Nederland, VNO-NCW/Global compact network	Knowledge on Responsible Business Conduct of SMEs in international value chains in Middle Income Countries	Exchange of expertise and experience
Confederation of European senior expert partners (CESES), Nordic employers' cooperation programmes	PSD programme implementation partners	Coordination of activities, IT platform, exchange of experts, joint support initiative for a hub of local volunteer entrepreneurs for South South exchange, joint fundraising
ILO, ACTEMP (ILO's employers' section) and ITC-ILO (ILO's training center)	Partners for South-South exchanges and social dialogue coordination	<p>Exchange of expertise and experience</p> <p>Coordinating and promoting South South exchanges</p> <p>Coordination of activities and Dutch expert involvement in ILO programmes</p>

Local stakeholders

Local stakeholders are another key group of partners for the NL Employers 4 SDG 8 programme, crucial to cultivating a sense of local ownership and to safeguarding the local embeddedness of our activities and the durability of our impact. On the ground, we will work with a wide range of local partners across society with a stake in private sector development, including NGOs, governmental entities, knowledge institutes, (E)BMOs and other private sector actors. Our experts and local representatives will identify these stakeholders primarily during fact-finding and feasibility studies for the development of economic clusters. Strengthening collaboration with these kinds of partners is of key importance to our ambition to our approach. The Vibrant Business Systems pilots (3.3.1) will provide crucial information on how to intensify the impact of local collaboration in this regard. Social dialogue as a cross-cutting theme and activity will also involve local stakeholders like sector organisations.



Financial partners

We do not support financial institutions directly, but contributes to improving the access to finance of (M)SMEs in three key ways. First, recognising access to finance as a key obstacle for many (M)SMEs, part of our advice and support to (M)SME clients is aimed at helping them enter the formal economy, strengthening their investment readiness (through improvement of business practices, business models, financial management) and sharing information on how to best pitch their business to financial institutions. We also help (E)BMOs to put financial restrictions on the agenda of policy makers and to advocate for improvements in this area of the business enabling environment (e.g. by providing concrete cases of financing bottlenecks and suggesting policy solutions). Thirdly, financial partners help to complement our support to (M)SMEs by supplying investment and microloans to our clients. For example, we recommend investment-ready businesses to pitch their finance needs to local financial institutions supported by FMO, Oikocredit, Lendahand/PlusPlus, Truvalu, Triple Jump, Rabobank Foundation and others.

3.4 Suite of Services

The NL Employers 4 SDG 8 programme offers a diverse suite of services to our clients and partners. These services optimally align with our two main objectives by addressing both (M)SME growth directly as well as strengthening the wider business enabling environment. By combining both on-site and remote services, PUM can maximise its impact and efficiency. On-site support is always preceded by remote preparation and followed by remote after-care, e.g. through online workshops and one-to-one coaching sessions, to strengthen the durability of our impact. This hybrid way of working allows us to create synergies between support instruments and make the best use of our resources, and hybrid methods will be the norm for our way of working.

Tailor-made advice by volunteer entrepreneurs and senior private sector experts has been at the heart of founding organisation PUM's value proposition for the duration of its existence. Sharing knowledge peer-to-peer with entrepreneurs is the most direct way in which we create value for clients. Our definition of knowledge is broad and includes not only substantive practical know-how on specific technologies or ways of working, but also awareness of our cross-cutting themes, trade and investment opportunities, understanding of change processes, and soft skills for behavioural & business change (leadership, gender sensitivity, risk taking, mindset). Besides SMEs, clients include (E)BMOs, BSOs, BMOs, incubators, and VETs. Clients are selected for their impact potential (see paragraph 3.5 for more information), with the aim of achieving spill-over effects by strengthening their linkages with the wider economic cluster. In its tailor-made advice projects, the NL Employers 4 SDG 8 programme aims for an optimal, hybrid combination between on-site and remote support, based on a careful consideration of key factors (e.g. financial costs, specific support needs of the client, IT facilities and skills of client and expert, local health & security conditions). Remote support can be complemented and facilitated through the engagement of local consultants and through business-to-business exchanges involving clients and their peers in a relevant cluster.

CASE: COMMUNITY OF PRACTICE AFRICAN EMPLOYERS' ORGANISATIONS

Retaining and increasing the number of members is a major concern of employers' organisations. The membership level determines the representativeness of the organisation and its legitimacy to speak on behalf of the business community.

DECP has advised and trained East-African employers' organisations for many years on retaining and attracting members.

A recent initiative has been the creation of a 'community of practice' on membership. This community, bringing together 30 staff members of 6 East-African employers' organisations, meets once a month online to exchange good (and bad) practices related to recruitment, engagement or retention of members.

In the last two meetings, the role of social media in membership policies was discussed. Eric Heideman, social media expert at the Dutch employers' organization AAVN, brought well appreciated tips and tricks to the attention of the East African colleagues.

Training seminars are a way for us to reach larger groups of SMEs and especially MSMEs with small numbers of employees, for whom the immediate impact potential of a tailor-made advice mission would be deemed too limited. In this way, we also contribute to the formalisation of the informal sector of the economy. Methods like trainings, seminars, webinars and Train-the-Trainer sessions enable us to multiply our impact by facilitating the spread of knowledge among multiple stakeholders. In this way, trainings, workshops, seminars and webinars have significant potential for generating spill-over effects among non-clients. With digitalisation on the rise, webinars – as the digital counterpart of a seminar – give us more flexibility in the use of this instrument.

Trade promotion activities are network connections we facilitate between clients and the Dutch business community in the interest of trade and investment promotion. These connections naturally emerge from our programmes and provide additional opportunities to generate impact and create win-win situations for our clients and Dutch companies. The Africa Strategy is a strong example of such synergies where trade promotion and client support go hand in hand. While in the recent past, business links were mainly made by bringing clients to the Netherlands to link up in-person with partners on the ground, we now aim to take advantage of increasing opportunities to offer remote trade promotion activities, for example via digital trade platforms implemented by partner organisations such as NLinBusiness. Moreover, instead of working with one client per business link activity, we aim to increasingly bring more clients together for trade promotion events to increase impact and client satisfaction.

CASE: DIALOGUE TRAINING IN THE COFFEE-COCOA SECTOR IN TOGO

The coffee-cocoa sector is one of the most important industries in Togo. The wish to develop a social agenda and improve coherence across the value chain between producers, processors, distributors, sellers and financiers was the starting point for a programme with DECP.

DECP developed a tailor-made workshop and three-day training on social dialogue with the national EBMO (CNP-Togo). More than 20 companies participated. The training was given by one of our Dutch experts and focused on negotiation skills and communication techniques.

Based on the cases discussed in the training, points of improvement were identified and a committee was set up to take the lead in taking the next steps. The representatives recognise that sound labour relations are an increasingly important factor in consumers' choices.

This project in Togo is one example of the types of support we deliver to EBMOs to enhance social dialogue (bipartite and tripartite) in our focus countries.

Social dialogue is historically the core business of our founding organisation DECP and will become an integrated part of our suite of services. This integration will be developed especially through our Vibrant Business Systems pilots, as described in paragraph 3.3.1. By including social dialogue in our wider approach to boosting the business enabling environment, we can increase our additionality to other PSD organisations and make an impactful contribution to helping our clients and their peers flourish across an entire economic industry or even on a national level.

The Netherlands is one of the countries that is internationally recognised for the good relations between employers' organisations and labour unions. DECP has been promoting social dialogue in developing countries for years, in partnership with the international program of the Dutch trade union organisations FNV and CNV. Social dialogue is “any form of negotiation, consultation or exchange of information between representatives of governments, employers and workers on economic and social policy matters of mutual interest” (ILO definition). Social dialogue thus encompasses much more than negotiations about wage increases and working conditions. Important themes include productivity, safety, environment, competitiveness and the future of work.

Through social dialogue, well-functioning (E)BMOs contribute to sustainable economic development, inclusive growth and poverty reduction in developing countries. A good social dialogue results in industrial peace, fewer strikes, broad welfare, improved protection of employees, greater employee satisfaction, increased employment and higher labour productivity.

We will continue to advance social dialogue, supporting the capacity of employers' organisations for bi-partite social dialogue with trade unions as well as tripartite social dialogue with national governments in our focus countries. The merger allows the merged organisation to also engage SMEs at company level in social dialogue practice, among other things by raising awareness of the importance of sound industrial relations and constructive employer-employee dialogue at workplace level. Building on the tools and instruments developed by DECP, we will provide training and advice in setting up and organizing social dialogue as well as training in consultation and negotiation skills.

Over the years, DECP and its trade union partners have developed a reliable method to start and strengthen social dialogue. This method is continuously enriched and improved on the basis of lessons learnt. The first step is to build trust between the parties involved. This begins with a discussion on motives, issues and objectives. The aim is to ensure that the parties can trust that agreements made will be upheld. Each phase of the process is evaluated and ratified with a go/no go decision to move further into the social dialogue process.

Once social partners have adopted an attitude of mutual respect, equality and trust, training in consultation and negotiation skills takes place. Participants learn to negotiate successfully and to work toward win-win situations. In addition, they are trained to use and disseminate their negotiation skills in their own companies and sectors. In this way, spill-over effects are achieved and social dialogue knowledge and experience also leads to strengthened cluster relationships between SMEs and their business enabling environment.

The consultation and negotiation skills trainings are supported with training materials and publications that have been developed by DECP over the years and are updated on a regular basis. Training courses will preferably be delivered in cooperation with the Dutch trade unions' TUCP- programme Dialogue@Work in the coming years, building upon the successful concept of joint trainings in a "2x2 approach" (Dutch experts from employers' and trade union side jointly train local employers' organisations and trade unions).

South-South exchange is a new activity in the NL Employers 4 SDG 8 programme. This exchange programme is aimed at boosting (E)BMOs in our focus countries by facilitating the exchange of knowledge with other (E)BMOs operating regionally in a comparable context. This may include (E)BMOs from countries outside our geographical scope, as their knowledge is not by definition less valuable as a resource for (E)BMOs within our focus countries. By giving (E)BMOs a leading role in the regional knowledge exchanges, the ownership of these processes is vested in parties who can negotiate directly with governments (policies) and trade unions (labour market agreements), and therefore have a strong point of entry to create a broad impact across an economic cluster or country. These exchanges may also become a model for business-to-business SME support where experienced entrepreneurs from the region are invited to support our clients.

Hans Blankert Fund (HBF) is historically PUM's grant facility for entrepreneurs. The matching fund has proven its value by lending entrepreneurs a small but impactful financial hand to make investments in

machinery, equipment or other material capital, giving a strong impetus to business growth. We will continue this service and offer a favourable arrangement for women entrepreneurs by applying a lower threshold for the entrepreneur's matching contribution. Eligibility for support from the Hans Blankert Fund is always embedded in a broader support package including on-site or remote advice. This way, we ensure that funds are allocated to clients with impact potential who receive relevant support to make the most out of this investment.

Business Circle is a group of Dutch entrepreneurs with an interest in trading or investing in our focus countries and achieving their Environmental, Social and Governance (ESG) goals while supporting (M)SMEs. Companies contribute financially as part of this membership, allowing us to monetise the added value we provide through tailored ESG programmes and specific capacity building to facilitate trade and investment between Dutch businesses and our clients. We coordinate this activity together with VNO-NCW. Although the interests of our clients come first, our experience is that this is a win-win proposition: our clients benefit from the expertise and other resources that the Dutch business community has to offer. Business Circle companies, in turn, can realise an impactful ESG initiative and gain privileged access to new trade and investment opportunities in our focus countries. With these companies, we also organise a range of activities to facilitate corporate volunteering as another means of knowledge exchange, explore opportunities in new markets, and network among like-minded entrepreneurs.

3.5 Client focus

3.5.1 Small and Medium Enterprises

SMEs historically represent founding organisation PUM's primary client group. We select SME clients based on their impact potential, which is defined through:

- Commercial viability and growth orientation of the potential client;
- Embedment in a relevant economic cluster and potential spill-over impact on the wider business environment and value chain;
- Potential contribution to broad welfare through decent jobs, particularly for young people and women;
- Leadership qualities, including risk appetite, inclusive and sustainable mindset;
- Additionality and relevance of our support.

The impact potential of potential clients is qualitatively evaluated by our local representatives. An extensive questionnaire was tested in 2021 by local representatives in two PUM countries. The impact criteria were added in February 2022 to the CRM system MS Dynamics. Training of local representatives in using the questionnaire will take place in 2022.

CASE: EMPOWERING WOMEN IN BUSINESS IN TANZANIA

Empowering women in business is one of PUM's goals and that is exactly what PUM's building expert Henk Krabben did.

Mercy Muro took over her father's business Mbezi Tiles, a Tanzanian company providing sustainable reliable quality products like roofing tiles, ridges and paving. To become a women Deputy Managing Director in such a men's world was a real challenge for Mercy. Through online meetings, Henk Krabben insisted that she would receive training on the work floor to get to know the products, processes and equipment. They drafted an action plan that she has consistently implemented. "By doing so, she became a hands-on manager who gained the support, respect, and trust from the employees," he explains.

As a result, Mercy recently won the 'Women in Management Africa Award 2022' in the sector 'Industry', setting an example for peer women entrepreneurs. As a next step, Henk Krabben will visit her on location to give advice on the long-term strategy and optimisation of business processes within the organisation.

An SME client must be found to perform adequately on all five of the above standards to be eligible for support. Our local representatives are trained to use an in-depth questionnaire to evaluate impact potential and report their findings to our cluster managers, who make the final decision. In addition to our own client acquisition efforts, clients are also recruited by our PSD partners in the course of programme implementation. We ask our partners to consider the above definition of impact potential in their recruitment procedures as well.

Our work with clients over many decades has taught us that this definition of impact potential is a key to successful projects. A pilot conducted by PUM in 2021 with the new impact potential assessment questionnaire has shown that a company's position in the business environment to generate demonstration or spill-over effects among other businesses in a cluster is of particular importance. We aim to build on and replicate examples such as the successful 'Best Model Farms' programme in Zimbabwe, by structurally embedding the business environment in our impact potential assessment.

The impact potential of a business must be balanced with the relevance and additionality of our support; after all, a higher impact potential may be linked to better access to knowledge and other resources and may undermine our added value to businesses of this type. This balancing act applies particularly to MSMEs, whose access to support is even more limited than that of SMEs, but whose impact potential in terms of contribution to employment is typically lower. More on our approach to MSMEs can be found in paragraph 3.5.2.

3.5.2 Micro-companies

In 2020 and 2021, the average SME supported by our founding organisation PUM employed about 47 employees, and the median SME employed 26. It must be noted that these numbers are, however, not entirely reflective of PUM's client portfolio: the averages are raised by PUM's support to a small number of medium-sized companies of nearly 250 employees, while start-ups and clients supported indirectly through BSOs are not included in these numbers.

From the perspective of maximising spill-over effects within clusters and value chains, a focus on SMEs of this size is a natural choice for the NL Employers 4 SDG 8 programme. However, in many of our focus countries, significant untapped entrepreneurial potential also resides in so-called micro-companies or MSMEs with fewer than 10 employees. MSMEs are extremely prevalent, more commonly owned by women and young people than regular SMEs, and face a specific range of challenges which are often connected to their informal nature.

We have therefore decided to add micro-companies to our range of clients. However, as a result of their relatively uncomplicated nature and their limited short-term impact potential within a cluster, these companies are rarely a good fit for tailor-made advice missions. Hence, we choose to support MSMEs primarily in groups through trainings, seminars and webinars. These activities are aimed at helping MSMEs enter the formal economy and grow into SMEs. Attention is paid, among other things, to the process and benefits of formalisation, the resources offered by BSOs, opportunities offered by digitalisation, how to apply for microloans and how to best use these investments, and best practices such as defining a business model and writing a business plan.

3.5.3 Employers' and Business Member Organisations

Business is organised in different kinds of interest organisations. We focus particularly on business membership organisations working on economic issues (BMOs), employers' representative organisations involved with labour/social issues (EBMOs) and integrated organisations on a national level. Clients like sector organisations and chambers of commerce are categorised as BSOs and will be covered in paragraph 3.5.4.

(E)BMOs are a crucial part of an enabling environment that allows small businesses to flourish. They help develop socio-political dialogues and lobby political decision-makers in bi- or tripartite social dialogue with trade unions to promote a dynamic, sustainable and inclusive entrepreneurial climate in focus countries. The incorporation of (E)BMOs in the mission of the NL Employers 4 SDG 8 programme is a natural step after the merger between founding organisations PUM and DECP. Our new proposition, Vibrant Business Systems (see 3.3.1), is the most important vehicle for the inclusion of DECP's key added value to our work. We have also described the activities of social dialogue and strengthening (E)BMOs through South-South exchanges in our Suite of Services (3.4).

The merged organisation inherits approximately 12 partnerships of DECP with national (E)BMOs and will carry on its focus on promoting social dialogue and knowledge exchange. For the other countries, our exit trajectory will be initiated (see paragraph 5.2), while their (E)BMOs can remain eligible for participation in South-South exchanges when their expertise can benefit (E)BMOs in our remaining focus countries. Besides the national (E)BMOs, we also work with individual sector and industry associations relevant to the economic clusters we have identified. We try to strengthen these organisations by promoting membership among our (SME) clients and through advice, workshops and training activities. In addition, the programmatic approach presented in paragraph 3.3.3 entails the development of intensive, multiannual relationships between ourselves, our PSD partners, and a range of stakeholders on a company, industry and national level. This ensures that we can promote our social agenda aimed at decent jobs, broad welfare, human rights, sustainable and inclusive ways of working and fair competition on every relevant level.

One of the challenges our organisation faces with regard to work with (E)BMOs is the transition from DECP's paid consultants to the PUM model of volunteer experts. The paid experts of DECP are not likely to stay on in a volunteer capacity at the end of 2022, and new volunteer experts must be recruited in the short term to continue their work. Our HR department has drawn up profiles for these volunteers, who will require a different – and more specialized – skillset than the volunteer experts working with SMEs and BSOs. To prevent unnecessary loss of knowledge, it will be necessary to successfully embed DECP's existing knowledge in the new organisation. We will cover this risk and our mitigation plan in more detail in Chapter 7 on risk management.

3.5.4 Business Support Organisations

Business Support Organisations, such as business councils, Chambers of Commerce and business incubators, are highly relevant for (M)SME development and exert a systemic impact on the business system of SMEs. These organisations enable the formation of economic clusters and linkages between companies, and incubators specifically stimulate the creation and growth of (MSME) start-ups that develop into the SMEs of tomorrow. Over the years, we have built a strong track record in assisting and collaborating with these organisations. The SEO evaluation of PUM revealed that connectedness is also a key indication of the potential of these kinds of organisations to enhance indirect (spill-over) effects and to achieve durable impact. PUM's definition of impact potential for BSOs includes:

- Capacity to support (an impactful number of) (M)SMEs and growth orientation;
- Embedment in a relevant economic cluster and potential spill-over impact on the wider business environment and value chains;
- Potential contribution to broad welfare through decent jobs, particularly for young people and women;
- Additionality and relevance of our support.

We work with BSOs by sharing knowledge and expertise in tailor-made advice partnerships, combined with a Train-the-Trainers approach to build the capacity of the BSO to share this knowledge with their membership and clients.

3.5.5 Vocational Education and Training institutes

Vocational Education and Training institutes (VETs) are defined as training programmes preparing students for work in a particular profession (as opposed to the more general types of education offered by, for example, traditional primary, secondary, or college education). These institutions play a crucial role in educating and training youth to become employable for jobs in the private sector, including SMEs. A mismatch between the demands of the labour market and the (formal and informal) skills of candidates is one of the key challenges that both SMEs and the relatively large contingents of young people in many developing nations and emerging markets face. We support VETs by helping them train teachers, providing knowledge about the skills desired by SMEs on the labour market, helping develop curricula, and connecting VETs with employers for internships, on-the-job training opportunities and work-study programmes. Due to the ubiquitous nature of the skills gap problem in focus countries, measures to help bridge it are consistently considered in our feasibility and fact-finding studies. Increasingly, support activities to VETs are embedded in our clusters and programmes, enabling us to strengthen the employability of youth with a direct connection to local SME opportunities.



4 Integrated Response to PUM's and DECP's Evaluation

The Dutch Ministry of Foreign Affairs commissioned SEO Amsterdam Economics to carry out the 2017-2020 evaluation of PUM Netherlands Senior Experts.⁹ The evaluation was conducted from September 2020 to March 2021. In addition, DECP was evaluated by MDF in collaboration with SEO Amsterdam Economics in early 2022. The most important findings from both evaluations may be found in Annex 4. This chapter will restrict itself to the key insights and PUM and DECP's joint management response.

The evaluations of PUM and DECP have led the organisations to define several areas of focus to be taken into account for this next subsidy period.

It is pointed out in the evaluations that PUM as well as DECP occupy a specific niche in the framework of the Sustainable Economic Development Department of the Ministry of Foreign Affairs, as well as the framework of VNO-NCW's overall business strategy. Both PUM and DECP provide expert advice and experience to organisations and businesses that play a key role in the development of their sector and country.

Where development cooperation is often characterised as different forms of aid, PUM and DECP provide technical support that is often not accessible in any other way to their clients. PUM and DECP hereby demonstrate the strength of Dutch development cooperation on the private market.

The evaluations of PUM and DECP suggest several common avenues for improvement:

- **Partners, clusters and programmes.** It is pointed out that PUM and DECP's scope of work and their planned and executed support activities are not always linked with DDE at the country and embassy level, where these activities could be supported and linked to other PSD efforts. As a result, opportunities for programmatic linkages and public-private cooperation have not been optimally exploited, and synergies with other PSD-related actors, trade promotion efforts, and projects and programmes at the country level have been limited. The evaluations suggest that more pro-active and regular contact with DDE, embassies, ILO, VNO-NCW, and Nordic Countries can improve the enabling business environment.

Working with such existing contacts linked to economic diplomacy, international trade and investment promotion is a natural part of our long-term network strategy. The evaluations suggest that the potential of clients can be additionally developed by consistently grouping them in clusters and programmes to strengthen the sector, value chain or specific groups like women or youth

⁹ SEO Amsterdam Economics (2021) *Evaluation of PUM Netherlands Senior Experts 2017-2020* – Commissioned by the Dutch Ministry of Foreign Affairs.

entrepreneurs. This more systematic focus on partnerships, clusters and programmes is now core to the strategy of the NL Employers 4 SDG 8 programme, as described in our strategic pillars under paragraph 3.3.

- **South-South exchanges.** PUM and DECP have historically relied on the ‘traditional’ capacity development approach and methodology embedded in the transfer of relevant knowledge in a ‘North-South’ direction. The evaluation suggested that this approach can be complemented by increased attention to South-South and diagonal exchanges of experiences, using more regional and national networks as well as hybrid forms of technical expertise and training services. We have sought to address this with our new activity, the South-South exchange, as described in our Suite of Services (paragraph 3.4). In addition, the evaluations suggest that attention should be more systematically given to interventions related to cross-cutting policy priorities of poverty reduction and inclusion, gender equity and equality, human rights, and sustainable development and climate change. These cross-cutting themes are now structurally embedded in our methods, as described in paragraph 3.2.
- **A collaborative Theory of Change.** The planned merger between PUM and DECP requires both organisations to formulate a joint strategy. This is the basis for an effective capacity to plan and execute activities on the ground and create Vibrant Business Systems in an enabling environment. It is suggested that a new Theory of Change is a crucial element of this joint strategy development. This ToC should operate as a living document, which not only provides guidance in terms of input, output and outcome, but can be adjusted to incorporate lessons learnt, national and global developments. The new ToC is still a work in progress, but its current draft is included in Annex 2.
- **Learning organisation with two time horizons.** In addition, and based on this ToC, a programme of the merged, learning organisation has been formulated with both medium-term and long-term aims: a) the next four-year planning cycle, we will focus on effectuating the merger of the two organisations and initiating the Vibrant Business Pilots to define and develop our new proposition; and b) longer-term development within a broader context of actors and interventions, supporting sustainable and inclusive economic growth, in line with the objectives, the cross-cutting themes, and the goals of MoFA/DDE.
- **Gender equality.** We have strengthened our focus on gender equality by founding a diversity & inclusion team. An ambitious target of working with 40% women entrepreneurs in focus countries will be achieved by structurally promoting gender-sensitive support and women's empowerment in our activities. For example, we are developing tools to strengthen our experts’ capabilities to provide clients with more gender sensitive advice. Moreover, we will prioritise clusters, including value chains, in which women entrepreneurs and employees are more active, and seek more collaboration with networks of women entrepreneurs and women experts. Finally, the inclusion of micro-companies in our client focus (see 3.5.2) creates further opportunities for our organisation to meet our inclusivity targets. More information on our gender cross-cutting theme focus is presented in paragraph 3.2.
- **Monitoring and evaluation.** To address the recommendations proposed in the evaluations, we will implement activities as described in Chapter 6 on Monitoring, Evaluation and Learning.

- **Country selection.** We have followed the recommendation to reconsider the selection of countries. More focus will be established through support interventions in a smaller number of countries. We will detail our geographical focus in paragraph 5.1.



5 Geographical scope

5.1 Geographical focus

In the past years, it has become clear that our impact is enhanced by focusing on a limited number of countries. A more limited geographical scope befits our strategic focus on programmatic and cluster-focused ways of working. This enables us to strengthen business systems more effectively, by providing supporting to interconnected actors over a longer period of time. As a result, our founding organisation PUM reduced the number of countries in which it is active from approximately 70 in 2016, to a total of 34 countries in 2022. Currently, DECP is active in 22 countries, of which 11 overlap with PUM's activities.

The DDE focus country list is leading in the country selection. Other factors taken into consideration are the presence of other Dutch PSD partners and the existing activities of PUM and/or DECP in the focus countries. After all, a more developed business enabling environment with more embedded knowledge, expertise and existing relationships will facilitate faster and more effective implementation of Vibrant Business Systems pilots (paragraph 3.3.1).

Through its geographical focus, the NL Employers 4 SDG 8 programme contributes to and enhances the overall impact of the Dutch BHOS policy. In alignment with the planned adjustments to the DDE focus country list as specified by the Netherlands' Ministry of Foreign Affairs, we will further focus our geographical scope. Africa and the Middle East emerge as the predominant focus regions, while we reduce our presence in Latin America and Asia and phases out our efforts in Eastern Europe (Armenia).

NL Employers 4 SDG 8's core programme will therefore address 25 focus countries divided over the following regions¹⁰:

- **West Africa:** Benin, Burkina Faso, Ghana, Ivory Coast, Mali, Senegal;
- **East Africa:** Burundi, Ethiopia, Kenya, Rwanda, Tanzania, Uganda;
- **South Africa:** South Africa, Zimbabwe;
- **North Africa:** Algeria, Morocco, Tunisia;
- **Middle-East:** Jordan, Lebanon, Palestinian territories;
- **Latin America:** Colombia
- **Asia:** India, Indonesia, Vietnam, Bangladesh, Myanmar.

¹⁰ Final list of countries still to be determined

5.2 Entry/exit trajectory

In order to phase out our work responsibly and prevent the destruction of knowledge and networks built, we have developed an exit trajectory of two years, starting in January 2023. In this period, any outstanding work in the phase-out countries is completed and ongoing commitments are passed on to local partners. However, these countries may still be eligible for incidental South-South exchanges (see paragraph 3.4). For example, it is a possibility that, in order to support the EBMO in focus country Colombia, we could organise a South-South exchange activity with the national employers' organisation in Peru, or that a fish farm in Sri Lanka exchanges knowledge with a fish farm in Bangladesh, facilitated by us. We may also incidentally contribute to partners' programmes that are partially conducted in non-focus countries, as this may also benefit our clients by helping make international value chains (such as nuts, dairy, textiles or tourism) more sustainable and inclusive.

The merger of PUM and DECP also affects the joint focus country list. In Ivory Coast and Burundi, DECP already supported (E)BMOs, while PUM had not yet built up support activities in these countries. In other countries, especially in the MENA region and in Ethiopia, Senegal, Rwanda and Zimbabwe, PUM already had a strong presence, but DECP had no existing relationships to (E)BMOs. This means that focus countries are not automatically dropped from the list if PUM and DECP were not both active there. In order to establish a strong presence of the joint organisation, parallel to the exit trajectory, we will explore our options to build new relationships with (E)BMOs and economic clusters in these countries, to maximise our potential impact on the entire business system in all countries of focus.



6 Monitoring, evaluation and learning plan

6.1 Introduction

We present our Monitoring, Evaluation and Learning (MEL) Plan for the period 2023-2030 in this chapter. The objectives of planned MEL activities are to obtain insights in progress and results of our programme, accountability to our stakeholders, and learning, in order to make programme adjustments if needed. The plan enables us to provide flexible, demand-driven monitoring, evaluation and learning (MEL) support, guidance and capacity development to our employees, the staff volunteers, the volunteer experts and the local representatives in the focus countries.

As PUM and DECP are embarking on a trajectory to fully integrate their organisations and activities, new relevant monitoring, evaluation and learning tools and indicators will need be developed and adjusted in 2023. The point of departure is our Theory of Change, included in Annex 2. The further development of this Theory of Change is a learning process, in which we want to involve management, staff and volunteers. We are intrinsically a learning organisation. We operate from the understanding that clients benefit from our deep reservoir of knowledge and insights and our decades of experience to help improve and develop their businesses. The expert-client relationships, as well as the business links and collaborations with partners, all provide essential input for the learning needed to keep abreast of new developments. Monitoring and evaluation ensure that there is quantitative and qualitative feedback on the impact of our services, enabling us to view and review the organisation's impact and the changes required to stay relevant, effective, and efficient.

6.2 MEL description and approach

Monitoring, evaluation and learning (MEL) are thus essential pillars of our work. In every stage of the Primary Process, representing the course of activities, from request to result and follow-up, our performance is monitored. The status of the activities is recorded and shown in the new CRM system, MS Dynamics (formerly Procus).

The MEL activities, embedded in a learning environment, will enable us to conduct dynamic analyses and continuously improve our operations, the quality of the Primary Process, and our knowledge and innovation capabilities. To achieve these aims, our MEL plan is designed to:

1. **ensure** that the projects, programs and activities can be monitored, evaluated and compared;
2. **make sure** that efforts can be evaluated against their intended results;
3. **provide** support to partners for designing and conducting MEL services in programmes, including evaluations, assessments, and monitoring performance;
4. **build** the institutional capacity and **apply** learning and adaptive management to assume increasing responsibility at all levels to conduct MEL activities, analyze its results and use them for management throughout the agency;

5. **create** a MEL Community of Practice to facilitate collaboration and learning across the entire organisation.

During the effectuation of the merger, our strategic pillars (as described in paragraph 3.3 of the subsidy proposal) will be thoroughly embedded in the organisation. In the process, the key principles below will be regularly reviewed and adjusted as required to optimally address our needs and maximise the value of our monitoring efforts.

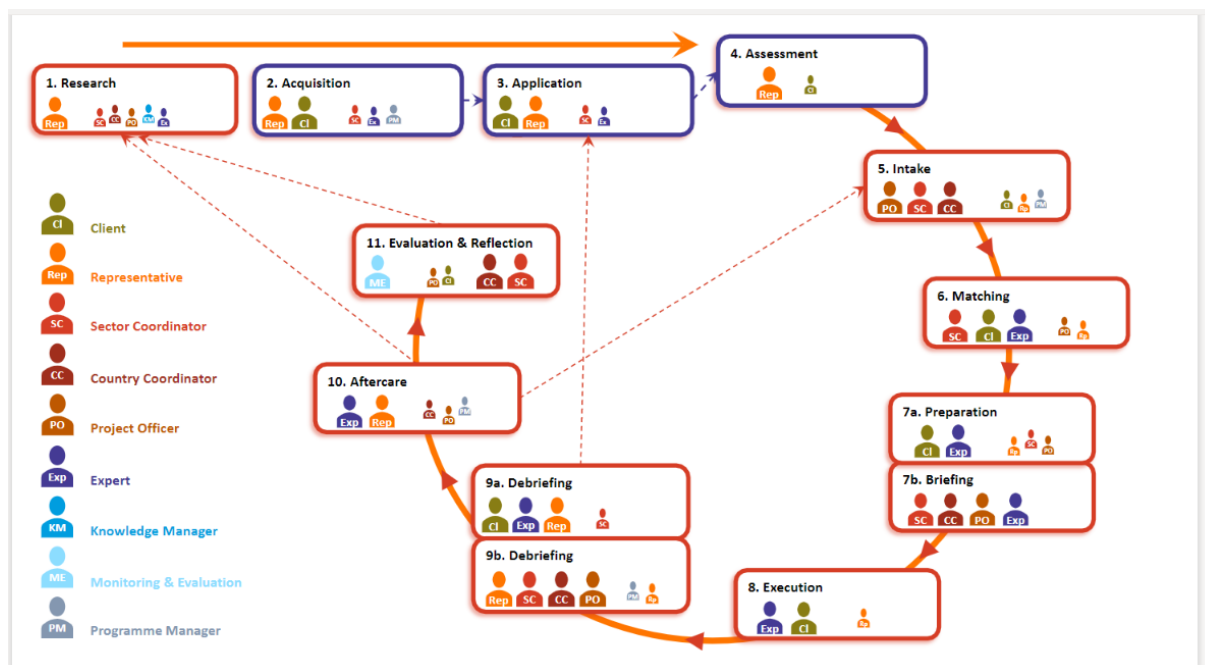
The initial key principles for our monitoring, learning and organisation are defined as follows:

- We will enhance our insight into the results (impact) of our contribution to (M)SME, EBMO, BSO and VET performances and the business enabling environment of SMEs. This implies a stronger focus on the (short-, medium- and longer-term) outcomes as proxy indicators of impact, at the expense of the more output-related focus followed by PUM in the past. More insight into outcomes enables us to more clearly demonstrate the effectiveness, added value and relevance of the NL Employers 4 SDG 8 programme. For an overview of our Key Performance Indicators (KPIs), see paragraph 6.4.
- In line with the SEO evaluation findings, we have strengthened our data collection on several under-researched performance indicators related to gender/youth, the programmatic approach, BSOs/business incubators, Vocational Education and Training institutes, and sustainable and inclusive business practices. DECP was advised in its recent MDF evaluation to review and update some of its indicators to better capture developments under specific thematic issues.
- In addition to results monitoring through our own regular data collection and through the collaboration with WUR for the annual PRIME evaluation, we plan to conduct qualitative evaluations and/or case studies to obtain more in-depth insight into our impact. For these evaluations, we will contract a research institution (to be selected in consultation with MoFA/DDE). These ongoing evaluations help us improve more rapidly and give us crucial qualitative insights into dimensions of our work that are difficult to quantify, e.g. cluster dynamics and the indirect and/or spill-over effects among non-clients.
- We will structurally increase our attention to monitoring and improving results by further formalising the application of the plan-do-check-act method at all intervention levels – from project to programme level – throughout the Primary Process. This allows us to steer on impact more actively.
- We will work with a more focused set of KPIs (paragraph 6.4) relative to the previous subsidy period. The selected KPIs will address our performance across different dimensions. We use these KPIs to track results, facilitate learning and improve performance across the organisation.
- In our Annual Reports, we continue to report to the Ministry of Foreign Affairs on the set of Private Sector Development (PSD) indicators as applied during the previous subsidy period, following the standard of the International Aid Transparency Initiative (IATI).
- During the COVID pandemic, remote advisory support increased as well as the use of webinars and other online activities. These online activities are fully embedded in our suite of services, and will

enable frequent feedback and follow-up as part of the learning and feedback mechanism. Streamlining of learning in groups via BSOs, incubators, EBMOs and VETs will be further developed as they have proven to be an effective tool for (MSME) start-ups, benefiting youth and women in particular.

6.3 Primary Process

The Primary Process describes the full range of activities that we conduct when providing support to a client ((M)SME, EBMO, BSO and VET). The steps of the primary process are visualised in the diagram as below. First, Research and Acquisition are undertaken jointly by the local representatives and the country coordinator to bring the needs of potential clients in view. These potential clients are then registered as Applications (Leads). Their requests are Assessed for impact potential and the additionality of our role. When the impact and technical criteria are met, a formal Intake takes place, and a suitable volunteer expert will be identified (Matching). The preparation of the project includes a Briefing which can take place on-site or remotely. After the Execution of support activities, a Debriefing follows with a report by the expert as well as the client. This is followed by Aftercare: the further development of the Client is monitored and the added value of additional activities is evaluated, which may lead to follow-up projects. Our individual activities are increasingly embedded in Programmes, Clusters and VBS pilots (see paragraph 3.3), either at sectoral, regional or supply chain level. All steps of the Primary Process are monitored in Dynamics, together with the operational activities to make these activities possible.



6.4 MEL indicators, definitions, targets and data sources

The KPIs and indicators used for the NL Employers 4 SDG 8 programme are embedded in a Logic Model (see paragraph 3.1), which illustrates the linkages between the different indicators at Impact and Outcome level. Furthermore, as required for our organisation, it includes the KPIs defined by the PSD platform. The Logic Model provides a coherent logic for the KPIs, enabling us to gain both qualitative and quantitative insights in our performance at different levels. The sources of the data are also noted in the model below. The PSD indicators as shown in green. The KPI overview below is preliminary: zero measurements and targets for the NL Employers 4 SDG 8 programme will be defined in the first year of programme implementation, with support by the contracted research institution.

Table on KPIs for NL Employers 4 SDG 8					
Impact	Area	Results	KPIs	Targets	Frequency / data source
Inclusive development by accelerating sustainable growth of (M)SMEs to their full potential	Pillar 1: Resilient SMEs accelerating growth for more and better jobs and broad welfare.	Result 1: (M)SMEs performance improved	1.a Percent of (M)SMEs (male/female entrepreneurs) with increased turnover	TBD 40% female entrepreneurs in 2026	Annual / customer survey
			1.b Percent of (M)SMEs (male/female entrepreneurs) with increased profit		
			1.c Percent of (M)SMEs (male/female entrepreneurs) with increased number of jobs		
		Result 2: (M)SMEs with increased resilience	2.a Percent of (M)SMEs (male/female entrepreneurs) with increased resilience	TBD	Annual / customer survey
		Result 3: (M)SMEs with good or improved performance on sustainable and inclusive business practices	3.a Percent of (M)SMEs (male/female entrepreneurs) with good or improved performance on sustainable and inclusive business practices	TBD	Annual / customer survey
	Pillar 2: An enabling business environment facilitating strong (M)SMEs.	Result 4: BSOs and (E)BMOs supported to improve enabling conditions for (M)SMEs	4.a Percent of Organisations (BSOs or (E)BMOs) supported to improve enabling conditions for (M)SMEs	TBD	Annual / customer survey

Outcomes	Area		KPIs	Targets (2026)	Frequency / data source
Business enabling systems conducive to sustainable and inclusive (M)SME growth	Improved and responsible business operations	Sub-Result 1.1: (M)SMEs capable of improving performance	1.1a Average compound annual revenue growth rate of individually supported (M)SMEs business development (PSD indicator B)	TBD	Annual / customer survey
			1.1b Number of direct jobs supported in individually supported (M)SMEs (PSD indicator F)		
		Sub-Result 1.2: Decent jobs supported	1.2a Increase number of decent jobs supported (ILO definition)	TBD	Annual / customer survey
		Sub-Result 1.3: Companies ((M)SMEs a.o.) enabled to make a business plan to invest, trade or provide services	1.3a Number of supported companies which have a plan to invest, trade or provide services (PSD indicator A)	TBD	Quarterly / Project administration
		Sub-Result 1.4: (M)SMEs a.o. companies that meet sustainable standards	1.4a Number of companies (including (M)SMEs) that meet firm-specific, national, or international sustainability standards business development/ enabling environment (PSD indicator I)	TBD	Annual / customer survey
		Sub-Result 1.5: Additional capacity to improve performance and resilience	1.5a Number of (M)SMEs supported on digitalisation	TBD	Quarterly / Project administration
			1.5b Number of (M)SMEs supported on aspects related to climate change adaptation and mitigation	TBD	Quarterly / Project administration
		Sub-Result 1.6 Improved indicators on inclusiveness	1.6a Number of start-ups (men – women owned) supported by Incubators;	TBD	Quarterly / Project administration
			1.6b Number of organisations (men – women owned) supported by VETs;	TBD	Quarterly / Project administration

			1.6c Percentage start-ups youth-owned (<35yr, men-women) supported by incubators	TBD	Quarterly / Project administration
			1.6d Percentage MSMEs youth-owned (<35yr, men-women) supported by VETs	TBD	Quarterly / Project administration
	Improved business representation	Sub-Result 2.1: Capacity of (E)BMOs influencing conditions for doing business	2.1a: Number of (E)BMOs influencing conditions for doing business	TBD	Quarterly / Project administration
		Sub-Result 2.2: Organisations strengthened which contribute to a sustainable local business climate	2.2a Number of strengthened organisations which contribute to a sustainable business climate (PSD indicator L)	TBD	Quarterly / Project administration
			2.2b Number of members of supported organisations which contribute to a sustainable business climate	TBD	Annual / customer survey
		Subresult 2.3: (E)BMOs able to conduct social dialogs	2.3a Social dialogues conducted by (E)BMOs resulting in improved policies and/or industrial relations	TBD	Quarterly / Project administration
	Strengthened business enabling environment	Sub-Result 3.1: Organisations with increased inclusive business practices	3.1a Number of (M)SMEs with increased inclusive business practices benefiting women and young entrepreneurs and employees	TBD	Annual / customer survey
			3.1b Number of BSOs with increased inclusive business practices for women and young entrepreneurs	TBD	Annual / customer survey
			3.1c Number of VETs with increased inclusive business practices for women and young entrepreneurs	TBD	Annual / customer survey
		Sub-Result 3.2: Incubators capable to	3.2a incubators that have initiated/ supported local SME clusters	TBD	Quarterly / Project administration

		supporting (M)SME clusters			
		Sub-Result 3.3: VETs capacity improved	3.3a Number of VETs with improved practices for skills development	TBD	Annual / customer survey
		Sub-Result 3.4: Organisations engaged in Cluster/programme activities	3.4a (M) SMEs engaged in Cluster/programme activities		Quarterly / Project administration
			3.4b BSOs engaged in Cluster/programme activities		Quarterly / Project administration
			3.4c VETs engaged in Cluster/programme activities		Quarterly / Project administration
		Sub-Result 3.5: Active Multi-stakeholder initiatives	<i>3.5a Number of multi-stakeholder initiatives (including PSD partners) that have expanded business enabling environment</i>	TBD	Annual / customer survey
		3.6 Outreach enabling environment	3.6a Number of members of supported organisations (PSD indicator M)	TBD	Annual / customer survey

Legend:

Green colour = indicator PSD Results framework

TBD = To be defined

Italic = definition described below

6.5 Draft definitions and methodology

The conclusive definition of all indicators will be determined in the Inception Phase. Below, we have included the draft definitions and methodology for some new complex indicators.

Indicator	Definition	Methodology
2.a Percent of (M)SMEs with increased resilience	In the context of economic development, economic resilience means the ability to recover quickly from a shock, the ability to withstand a shock, and the ability to avoid the shock altogether.	A PRIME study is planned to set up the methodology. We currently envision this to be an aggregate measure of several factors from literature which influence resilience. In case of an economic crisis or recession we will try to learn and improve on the factors.
1.2a Increase number of decent jobs supported (ILO definition)	The International Labour Organisation (ILO) defines decent work as “productive work for women and men in conditions of freedom, equity, security and human dignity”. In general, work is considered as decent when it pays a fair income; it guarantees a secure form of employment; and the work is carried out in safe working conditions.	We want to extend the PRIME research on this topic. We will learn through open survey questions and in case studies.
3.5a Number of multi-stakeholder initiatives (including PSD partners) that have expanded business enabling environment	A multi-stakeholder initiative is a cooperation with a partner in the enabling environment (e.g. employers' organisation or PSD partner). We consider the enabling environment to be expanded if progress is made toward pre-defined goals.	We compare the annual customer measurement with the baseline on pre-defined goals, within projects in the enabling environment together with partners. Goals can be project or cluster specific.

6.6 Data and baselines

This paragraph will cover our approach to data collection, protection and analysis. We will also explain how zero measurements are conducted and targets will be set for the new organisation.

Baseline assessment

Most of the KPIs above have been monitored by PUM and/or DECP over the past years and Annual Reports have been delivered, with a focus on quantitative KPIs. The merger, as well as the significant changes in our way of working, which will entail a more systemic and programmatic approach, necessitates the determination of a relevant baseline (0-measurement) and targets that reflect the new organisation's capabilities. Such baselines are essential to guide the organisation and to be able to realistically assess and learn from our performance, both in terms of our services to clients and the effectiveness of the organisation. With support of the contracted external research institution, we will establish performance baselines in 2023, and subsequently set realistic targets for the coming years based on prior experiences.

Data collection and data protection

The data will be collected in several ways. The routine data collection is processed by Microsoft software, Dynamics, which was introduced in the first quarter of 2022. Data is protected through role-based access, which is documented in accordance with GDPR policy. Data related to the primary (operations) and supporting (finance, HR) processes is also logged in Dynamics. The Primary Process data includes clients' application and intake data, which is provided by the local representatives working as account managers in our focus countries. All data on the NL Employers 4 SDG 8 programme is stored in a secure digital environment. Regular audits ensure compliance with best practice standards in terms of anti-virus, anti-hacking and other data risk management protocols. Our security measures are evaluated and updated annually. External parties must sign a GDPR-compliant data protection agreement to receive and/or process our data. Data is anonymised before sharing.

In addition to standard performance monitoring, we conduct an independent Customer Survey each year. This survey does not only address customer satisfaction but also seeks to monitor the performance of the individual clients, including (M)SMEs, VETs, BSOs and (E)BMOs. The annual online survey is sent to all customers who have received advice and support in the last 3 years. An independently developed econometric model is used to calculate and combine the answers, and the results are added to our organisational database

6.7 Organisational set-up and monitoring

The types of data collected in the course of the deployment of our activities are based on our selected KPIs. The performance on these KPIs is monitored in a Dashboard and discussed on a quarterly basis in our Management Team meetings. The data sets provide the core steering information for management. Different levels of coordination in our organisation (thematic, sectoral, country and regional) plan and

manage the activities in the areas relevant to their authority. Each level of coordination submits and reviews the relevant data for their level of coordination. The data sets are all managed by the Management Accounting (MA) department, who will provide the aggregate level of the data, and can manage the input and use of Dynamics.

Collaboration for impact monitoring

We conduct impact measurement and evaluation with the support of specialised research institutes with a strong statistical background. The PRIME methodology developed in collaboration with Wageningen University and Research has served as the basis for our impact monitoring efforts in recent years.

6.8 Adaptive management and learning

Our Management Accounting Unit is a dedicated unit with 3 staff members, who are in charge of all aspects related to monitoring and evaluation. The data analysis and learning will intensify in the coming years, as more data will become available. Training of local representatives and coordinating staff will take place to ensure accurate and relevant performance measurement. Structurally embedding steering KPIs in our Management Team meetings will lead to a more impact-based way of steering and strategy execution. Based on our analyses, effective ways of working will be reinforced while activities with limited impact will be adjusted or ended. In our annual plans, we will include a number of key learning questions about the NL Employers 4 SDG 8 programme that we want to focus our data collection and learning efforts on during the year.

6.9 The MEL Budget

The part of the indicative budget (in Chapter 9 of the Subsidy Proposal) designated for MEL is included below:

	2023	2024	2025	2026	Total	% total budget
Monitoring & Evaluation staff	245,905	250,823	255,839	260,956	1,013,524	2.3%
External impact research costs (PRIME)	75,000	75,000	75,000	75,000	300,000	0.7%
Subcontracted Evaluation & Learning	80,000	45,000	45,000	130,000	300,000	0.7%
Total Monitoring & Evaluation	400,905	370,823	375,839	465,956	1,613,524	3.6%

7 Risk Management

While their missions and ways of working are highly compatible, there are some important differences between the founding organisations of the NL Employers 4 SDG 8 programme, being PUM and DECP. Their merger will require some important changes and transitions to be managed correctly to mitigate risks. The most important risk of the merger concerns the risk of losing significant expertise in the transition from DECP – whose specialised activities were executed by paid experts – to a volunteer-driven organisation. An additional important new risk concerns our planned organisational decentralisation, requiring significant professionalisation of NL Employers 4 SDG 8's local representatives. Cultural clashes or a blurred organisational profile are also a common risk in any organisational merger.



Our organisation thus enters a period of transition. Over the coming two years, the Vibrant Business System pilots will demonstrate what bottlenecks must be expected in the roll-out of our joint proposition, enabling the subsequent full integration of our activities. While we will cover the majority of the risks relevant to our organisation in Annex 3 (Risk Analysis), we have chosen to specifically cover the most significant risks of the merger in this chapter. We manage the organisational risks of the merger in the following ways:

Risk: maintaining DECP expertise during the transition to a volunteer-driven organisation. An important historical difference between PUM and DECP concerns their relationships with their experts. Where PUM has always been a volunteer organisation, DECP paid its experts a fee. After the merger, the joint organisation continues as a volunteer organisation, meaning that experts with DECP's traditional expertise must be recruited to do this work on a voluntary basis. Without further measures, the risk of losing DECP expertise during the transition is significant.

The first challenge is recruiting volunteer experts with the necessary expertise. A new volunteer sector coordinator for (E)BSOs has been hired and will start building up a volunteer pool of (E)BMO-experts starting in the second quarter of 2022. This is done in close collaboration with the transition manager of DECP, who will stimulate a warm transfer of knowledge of DECP-experts and DECP-clients during the transition phase. DECP's archive with all project files, mission reports and other publications is made accessible for new volunteer (E)BMO experts. From 2023 on, all (E)BMO work will be done on a voluntary basis.

Risk: successfully managing the decentralisation and new responsibilities of local representatives. As described in paragraph 8.2 (Decentralisation), we intend to reduce the administrative burden of our volunteer experts and find additional local partners for our work by decentralising several management tasks to local representatives. Shifting these duties carries compliance and effectiveness risks. We aim to mitigate these by investing significantly in the selection, performance management, professionalisation and coaching/training of local representatives in the coming year.

Risk: ensuring a cultural fit between PUM and DECP as part of a unified new organisation. While both organisations have similar missions and both maintain close ties to VNO-NCW, all organisational cultures are in part determined by informal habits and standards. Mergers can result in cultural clashes, and it is important to conduct them with care to ensure a cultural fit. We will mitigate the risk of such clashes through a cultural integration process, planned early in the implementation phase of the merger.

In addition to these new organisational risks, we have included a full detailed risk analysis in Annex 3 to this proposal. This risk analysis is updated annually in our Annual Report. All identified risks are rated low/medium/high and linked to mitigating measures. The risks are subdivided in three categories:

- Contextual risks, which are specific to the local context in which we operate;
- Programmatic risks, which are associated with the design and implementation of the NL Employers 4 SDG 8 programme activities;
- Organisational risks, which are related to the internal organisation.

Our organisation and our experts follow international corporate ethical standards and codes of conduct when working with SMEs. As a general risk management principle, we do not assist companies that use child labour or violate human rights or environmental regulations. To ensure this, an Environmental, Social and Governance (ESG) risk evaluation is a structural part of our client selection process. To minimise the reputational risks to ourselves or partners and prevent moral injury as a result of our activities, the following sectors are not eligible for our services:

- Arms and weapons industry
- Nuclear industry
- Gambling and casinos
- Pornography and prostitution
- Racist and anti-democratic media

8 Organisational structure

8.1 Organisational principles

PUM is an organisation with a unique set-up consisting of expert volunteers, representatives, staff volunteers and paid staff, with a central office in The Hague and decentral bases of operation, run by the local representatives in our focus countries. All our people work together to facilitate senior experts to share their knowledge and extensive experience with peer entrepreneurs in developing countries and emerging markets.

The day-to-day operation of the organisation is implemented by our staff, including paid staff, staff volunteers and local representatives. Jointly, they successfully execute the Primary Process, the process cycle and its business support activities. The internal organisation includes the Departments of Operations, Communications and Business Development, and Support (Finance, HR, IT). The newly introduced MS Dynamics software, combined with the internal monitoring system, enables staff and volunteers to review the operations and performance more accurately in their area and to make adjustments where needed and increase our impact.

We are a relatively horizontal organisation that builds on best practices for effective management and performance monitoring. The Executive Board with the CEO and a Managing Director is accountable to the Supervisory Board, in which VNO-NCW & MKB Nederland are represented. The Executive Board is tasked with strategy definition and execution, lobbying, maintaining the relationship with the Ministry of Foreign Affairs and other key stakeholders, (volunteer/paid) staff management, and operations management. Our focus in the years after the merger will be on defining a feasible long-term strategy and our contribution to the SDGs with the NL Employers 4 SDG 8 programme.

For the overall management of the organisation, the Executive Board collaborates with the Management Team (MT), in which specialisations including strategy and business development, lobbying, operations, IT, finance, and HR, as well as regional and thematic coordinators are represented.

Our main organisational principles and guidelines are:

- We are an impact-driven organisation striving for broad, lasting and measurable results.
- We are a learning and experimenting organisation that pursues continuous improvement and innovation including through pilots.
- We have a strong historical bond with VNO-NCW and seek to maintain and expand this partnership. The same applies to other key partners such as the Dutch Ministry of Foreign Affairs (DDE).
- Whenever possible, we work in partnerships with other (PSD) organisations to increase our impact and use our resources effectively (see paragraph 3.3.4).

- We strive for gender balance and gender sensitivity among our volunteers, staff, and representatives (see paragraph 3.2). We have set an internal target of 20% women experts, who have been relatively difficult to recruit. Gender sensitivity will be a part of onboarding of volunteers and staff.
- We aim to make the best possible use of Dutch sectoral knowledge and networks, as well as locally embedded knowledge and networks in focus countries.
- We will implement and organise decentralisation to local representatives in focus countries, at a pace and to a degree that is realistic.

8.2 Decentralisation

In the coming years, we will further decentralise activities and responsibilities. This strategic choice is made to further support programmatic ways of working with PSD partners and give expression to lessons learnt in recent years by limiting the administrative burden of our volunteer experts. It is after all the volunteer experts who are at the core of our work, and they need to be able to use their expertise to the full; to facilitate them, the administrative support needs to be well streamlined and efficient. While administrative tasks for volunteers cannot be avoided entirely, we aim to create the most enabling environment possible so that they can focus on the work that drives them: helping clients grow their businesses in a sustainable and inclusive way.

Our operational capacities are embedded locally where our Local Representatives identify requests for support from clients (Leads) and follow-up by profiling these Leads and assessing their impact potential. Our local representatives then function as the account managers of our clients, supported and coordinated by our office team. We will strive to further decentralise our operation by increasing this local capacity, investing in training and professionalisation, and building up local networks to actively engage with clients and relevant sectors. Local representatives have relevant country- and regional knowledge, including knowledge about and contacts with governmental and private sector stakeholders. This is important for alignment, collaboration and fundraising.

9 Indicative budget

The tables below shows the detailed indicative budget for 2023-2026 and an estimate for the budget of 2027-2030. The rationale for the indicative budget for 2023-2026 is further elaborated below, as well as the cost effect of the merger between PUM and DECP.

We are optimistic that by 2023, support activities can be conducted on location without too many travel restrictions. However, we have moved away from using ‘the number of advisory missions or cases’ as a financial indicator, since costs and impact can vary significantly depending on the nature of each case. We have strengthened our business model through the cluster focus and programmatic approach, as well as by using a combination of remote coaching and on-site support. This way of working has shown to be more effective and efficient for facilitating systemic change and opens up the possibility of reaching MSMEs. As explained in Chapter 5, we intend to reduce the number of countries with a full-fledged country programme from 45 to 25 focus countries.

The merger between PUM and DECP improves cost efficiency as well as creating new opportunities to make a greater impact. Based on fact-finding and feasibility studies, in most countries where PUM has a strong presence but DECP does not, we will start building a relationship with the (E)BMO. This will be integrated in our programmatic approach, ensuring that the support of the (E)BMO is complementary to our support work to (M)SMEs and BSOs in a particular economic cluster. Similarly, we will explore options to support economic clusters of SMEs in Ivory Coast and Burundi, where DECP already has a strong presence supporting their (E)BMOs. In addition, we will explore a new modality (South-South exchange, see 3.4) and carry out an initial number of four Vibrant Business Systems pilots (see 3.1).

TABLE – INDICATIVE BUDGET 2023-2026 (in €)

REVENUES	2023	2024	2025	2026	Total	%
Contribution DGIS/DDE	10,425,000	10,145,000	10,075,000	10,035,000	40,680,000	91,8%
Contribution DGIS/DDE E&L	80,000	45,000	45,000	130,000	300,000	0,7%
Contribution VNO-NCW	400,000	400,000	400,000	400,000	1,600,000	3,6%
Other revenues	350,000	400,000	450,000	550,000	1,750,000	3,9%
Total revenues	11,255,000	10,990,000	10,970,000	11,115,000	44,330,000	100%
EXPENSES						
Staff costs						
Management & support staff	2,120,000	2,074,500	2,068,500	2,049,000	8,312,000	18,8%
Programme staff	1,919,500	1,837,500	1,765,000	1,742,000	7,264,000	16,4%
Country programme costs						
Focus countries (continuation)	3,730,000	4,082,400	4,664,700	4,741,800	17,218,900	38,8%
Phasing out countries (exit)	1,353,600	859,200	106,500	108,200	2,427,500	5,5%

Phasing in countries (investing)	110,400	119,400	320,300	326,000	876,100	2,0%
Innovations South-South	265,000	315,000	365,000	400,000	1,345,000	3,0%
Programme support costs	595,000	585,000	570,000	553,000	2,303,000	5,2%
Monitoring & Evaluation						
Monitoring & Evaluation costs	75,000	75,000	75,000	75,000	300,000	0,7%
Subcontracted Evaluation & Learning	80,000	45,000	45,000	130,000	300,000	0,7%
Indirect & Fixed costs						
Rent, Facilities & Office	604,000	609,800	613,500	617,500	2,444,900	5,5%
Communication	120,000	114,000	111,500	110,000	455,500	1,0%
IT	65,000	66,500	68,000	70,000	269,500	0,6%
Audit & Consultancy	140,000	130,800	121,300	118,600	510,700	1,2%
Depreciation	38,000	38,000	38,000	38,000	152,000	0,3%
General	39,500	37,900	37,700	37,700	150,900	0,3%
Total Expenses	11,255,000	10,990,000	10,970,000	11,115,000	44,330,000	100%

Revenues 2023-2026

The total requested subsidy from DGIS/DDE declines after 2023 to just above € 10 million in 2026. This can be attributed to PUM's exit trajectory in phased-out countries in 2023 and 2024, while also adding new activities (DECP, innovations) to reach approximately the same level of activities in 2026.

The contribution by DGIS/DDE for E&L (Evaluation & Learning) is presented separately because these reflect the costs for an external agency engaged by DDE and, in our understanding, it is not yet clear whether these funds will be provided through a contribution or a direct settlement.

With VNO-NCW, we intend to sign a Memorandum of Understanding in which a fixed annual contribution of € 400.000 is agreed. This is more than the sum of the contributions that PUM and DECP receive independently, which amounted to €100.000 for DECP and €216.000 for PUM prior to the merger.

Additional revenues were slightly reduced relative to the abridged proposal in 2022. This is primarily due to COVID-related temporary stop on asking contributions from clients for follow-up missions, which we will seek to restore starting in 2024. Revenues and plans concerning the Business Circle have not yet come to full fruition.

The expected revenues from other funding sources are partly based on existing contracts and also includes funding that still needs to be secured. Most additional funding is available for (consortium-implemented) programmes. Therefore, between 2023 and 2026, we will invest in the capacity of staff, volunteers and particularly local representatives to contribute to programme development and implementation

compliance (results measurement and accountability), while also building up relationships with partners, including equity funds, Dutch corporates and institutional contributors/NGOs. Awareness will be raised among staff and volunteers about the relevance of fundraising for continuity of our work. To substantially increase fundraising from 2027 onwards, our policies regarding staff capacity for fundraising, commercial tendering, addressing the interests of Dutch companies, and local representation through field offices will be subject to review in 2026.

Expenses 2023-2026

Before zooming in on the expenses per category for the period 2023-2026, more information is provided about the realised cost efficiency through the merger between PUM and DECP. The table below shows a breakdown of these savings. Even when the natural reduction of Country programme costs is left out of the comparison, a cost saving of more than € 1 million is achieved.

TABLE – realized cost efficiency 2023 after merger PUM and DECP

	DECP Before merger(1)	PUM Before merger(1)	PUM+DECP Before merger	PUM+DECP After merger 2023	Realized cost efficiency	%
Management & Support staff costs (2)	241.000	2.021.000	2.262.000	2.120.000	142.000	6%
Programme staff costs (3)	588.000	1.819.000	2.407.000	1.919.500	487.500	20%
Indirect & fixed costs (4)	165.000	1.237.000	1.402.000	1.006.000	396.000	28%
Country programme costs (5)	756.000	5.633.000	6.389.000	6.129.000	260.000	4%
Total	1.750.000	10.710.000	12.460.000	11.174.500	1.285.500	10%

Breakdown explained:

(1) The reference year is 2019: the last pre-COVID year for which somewhat representative annual figures are available.

(2)+(3) Double management, secretarial and certain administrative functions are eliminated and most of the support in the countries that was performed by self-employed consultants at DECP will be conducted by PUM experts from 2023, resulting in total savings amounting to over €600k.

(4) The indirect & fixed costs of both organizations largely overlap and their operations are complementary and additional. No major adjustments are required to our business operations. Additional savings are achieved on general costs, amounting to total savings of almost €400k.

(5) The savings here are not directly the result of the merger, but primarily related to the reduction of the number of focus countries and the intensified use of digital support activities starting in 2020.

Staff costs

PUM distinguishes Management & Support staff (Management, Administrative support, HR, Finance, ICT, Communications staff) and Programme staff (Project Officers, Knowledge Management, Programme &

Business Development, Monitoring & Evaluation). This staff distinction was not previously applied in the 2022 subsidy proposal. However, the ratio between support staff and programme staff provides more insight in the way that we operate and allows us to formulate better programmatic business cases. Note that our costs are difficult to compare to other organisations due to our unique set-up: the programme staff costs are much lower in comparison with many other organisations, given that a large share of the country programme activities is carried out by volunteers. Volunteers provide the direct support to clients and coordinate to a large extent PUM's operations at country and sector level. Their costs are included in indirect programme costs.

Taking into account adjustments for wage inflation and annual increases, PUM aims for a slight annual reduction in Management & Support staff costs. For Programme staff costs, further decreases are expected, as the number of paid staff is directly linked to the country programme costs. As approximately 10 countries are to be phased out and due to further decentralisation of activities to local representatives, further cost savings are realised here.

Country programme costs

PUM's costs budget was € 9.245.000 in 2021 and € 10.787.000 in 2022. Adding the 2022 budget for DECP of € 2.100.000, the total cost level of the merged organisation in 2023 is estimated to be €1.632.000 lower than the added costs of both organisations in previous year. While this is a substantial saving, it cannot tell the whole story of our efficiency gains. After all, as previously agreed, it will take two years to phase out responsibly, to allow activities to be passed on to partners and to avoid the destruction of knowledge and networks built. In 2023, the organisation is thus still active in 34 countries.

The country portfolio will change significantly in the coming subsidy period. PUM will remain active in 25 focus countries. This means that of the 34 countries where PUM is now active, 10 countries will be phased out. For DECP, half of the 22 countries where DECP operates will be phased out. As previously agreed, our exit trajectory requires two years to phase out responsibly, allowing activities to be passed on to partners and avoiding the destruction of knowledge and networks built. Simultaneously, costs are associated with the entry trajectory initiated for the phase-in countries where new activities are deployed to complement PUM's or DECP's existing presence, as well as innovations for the South-South exchange programme.

The total Country Programme costs are derived from the country programme budgets and based upon an estimated number of support activities (advisory on-site, remote coaching, trade promotion activities, combined remote coaching and local consultancy, fact finding missions, etc.). The costs consist of the remunerations for the local representatives, out-of-pocket costs, project management costs, travel costs, DSA, visa, vaccinations, insurances etc. The Social Dialogue activities are integrated in the same scheme and clients in countries may also be supported by small grants from the Hans Blankert Fund.

Focus countries

As noted in Chapter 5, we remain active in 25 focus countries. The years 2023-2024 represent a transitional period, during which several countries are phased out while new activities are phased in. From 2025, we

expect to be in full swing and to realise the same total level of activities in a reduced number of focus countries. The cost increase takes a modest inflation correction into account, although the inflation may be higher in these uncertain times of rising costs.

Exit trajectory

PUM and DECP combined will be phasing out 15 countries during 2023 and 2024. The reason for the small budget remaining for the years 2025 and 2026 is that in some countries, activities may still be eligible for South-South exchange and programmatic support with partners to sustainable and inclusive international value chains.

Phasing in countries (investing)

In the MENA region and in Ethiopia, Senegal, Rwanda and Zimbabwe, where PUM has strong presence with an SME support programme, but DECP is not yet active, we will explore options to support (E)BMOs and build relationships where this is possible. Likewise, we will explore options to support economic clusters of SMEs in Ivory Coast and Burundi where DECP has a strong presence supporting (E)BMOs. The years 2023 and 2024 will be used to explore these opportunities through Vibrant Business Systems pilots (see paragraph 3.3.1). The completely new NL Employers 4 SDG 8 programme set-up is expected to be fully operational in 10 of the 25 focus countries from 2025 onwards.

Innovations South-South

This budget line contains innovative activities like the strengthening of SMEs and (E)BMOs in international value chains (textile, nuts, dairy, tourism); South-South exchange between (E)BMOs and (women's) business associations; business to business support of SMEs in different countries; support to local volunteer entrepreneur organisations; digital trade platforms of entrepreneurs, linking & learning events, regional capacity building and implementation of pilots. This part of the budget is flexible in composition, but is expected to grow annually as activities are expanded.

Programme Support Costs

This budget line consists of the digitalisation costs for programme staff and local representatives, internal events for volunteer engagement, training & development, staff volunteer expenses, and business development expenses. Over the last years, PUM has realized savings and has implemented a new system (Dynamics) that should ensure a smooth running of programmes the upcoming years. No further investments are expected for the years 2023-2026 and we aim to realise some savings to keep a stable budget at around €550k in 2026.

Monitoring & Evaluation

We monitor and evaluate our work in collaboration with Wageningen University & Research, for which a fixed amount per year is allocated. Previously, these costs were part of the programme support costs.

Additionally, we present the 'subcontracted Evaluation & Learning' costs, which are the costs for an external agency selected by PUM and DDE. It is not yet clear whether this will be a contribution or a direct settlement, hence the separate cost line. Typically, these costs will evolve over the four years: an

investment for the first year, somewhat lower costs during the second and third year, and the bulk of the cost in the final year of the Grant period.

Indirect & fixed costs

Under fixed and indirect costs, we distinguish the following categories:

Rent facilities and office costs

PUM currently pays a quarterly contribution to VNO-NCW for office rent, facilities, and other HQ services as well as a variable contribution for renting meeting rooms and associated catering services. The same covenant also stipulates VNO-NCW's annual sponsor contribution of €216.000. The agreements in this covenant are valid until December 31, 2022. In the course of 2022, DECP staff will move to the 15th floor. We aim to settle a new covenant with VNO-NCW for at least four years including an agreement about renting the 15th floor, the use of meeting rooms and other facilities. These are fixed costs which we aim to keep as low as possible. In addition to costs covered by agreements with VNO-NCW, we retain a small budget for general office costs.

Communication costs

In the past years PUM, has invested in improved internal and external communication such as the website, webinars, promotion videos and storytelling. For the next years, PUM will consolidate its communication and slightly reduce the costs. The budget for 2023 is initially kept at the level of 2022.

IT costs

In early 2022, PUM moved from a self-managed system on local servers to a license-based cloud solution. This not only reduces financial, security and management risks but also ensures a low level of out-of-pocket costs regarding IT for the next four years.

Audit and consultancy costs

These are the fees for PUM's auditors and legal and other consultancy fees. PUM expects the audit costs to increase in the coming years due to the integration of DECP finances and general cost increases. PUM compensates for this by saving on other consultancy costs, while aiming to reduce the overall total costs.

Depreciation costs

These are the depreciation costs of the investments made in hardware and fixtures and fittings over the past two years. PUM does not expect any major investments in the coming period, so costs will remain at the level of 2022.

General costs

The general costs include insurance costs, bank charges and other general costs which PUM aims to keep as low as possible.

Indicative budget 2027 – 2030

The indicative budget for the period 2027-2030 follows from the budget 2023-2026. The total costs increase from € 44,3 million to € 45,5 million (an increase of approximately 2%). However, the contribution request to DGIS/DDE for this period will decrease from € 40,6 million to € 35,4 million. We intend to make up for the difference by increasing its revenues from other sources significantly through fundraising, up to € 3 million (25% of the total revenue) in 2030.

The overall budget for 8 years (i.e. 2023-2030) adds up to € 89,8 million and the total requested contribution from DGIS/DDE would be € 76,1 million (excluding € 600k for the subcontracted Evaluation & Learning).

TABLE – INDICATIVE BUDGET 2027-2030 (in €)

REVENUES	2027	2028	2029	2030	Total	%
Contribution DGIS/DDE	9,570,000	9,130,000	8,635,000	8,125,000	35,460,000	77,8%
Contribution DGIS/DDE E&L	85,000	50,000	50,000	130,000	315,000	0,7%
Contribution VNO-NCW	400,000	400,000	400,000	400,000	1,600,000	3,6%
Other revenues	1,100,000	1,700,000	2,350,000	3,000,000	8,150,000	17,9%
Total revenues	11,155,000	11,280,000	11,435,000	11,655,000	45,525,000	100%
EXPENSES						
Staff costs						
Management & support staff	2,089,000	2,089,000	2,089,000	2,089,000	8,356,000	18,4%
Programme staff	1,776,500	1,776,500	1,776,500	1,776,500	7,106,000	15,6%
Country programme costs						
Country specific activities	5,184,000	5,287,500	5,389,500	5,495,000	21,356,000	46,9%
Innovations South-South	400,000	440,000	480,000	500,000	1,820,000	4,0%
Programme support costs	553,000	553,000	553,000	553,000	2,212,000	4,9%
Monitoring & Evaluation						
Monitoring & Evaluation costs	75,000	75,000	75,000	75,000	300,000	0,7%
Subcontracted Evaluation & Learning	85,000	50,000	50,000	130,000	315,000	0,7%
Indirect & Fixed costs						
Rent, facilities & office	617,600	630,000	640,000	652,000	2,539,600	5,6%
Communication	110,000	112,500	115,000	117,500	455,000	1,0%
ICT	70,000	73,500	76,000	77,500	297,000	0,6%
Audit& consultancy	118,600	115,600	112,500	110,000	456,700	1,0%
Depreciation	40,000	40,000	40,000	40,000	160,000	0,3%
General	36,300	37,400	38,500	39,500	151,700	0,3%
Total Expenses	11,155,000	11,280,000	11,435,000	11,655,000	45,525,000	100%

Annex 1 Facts & Figures (2021)

A) PUM

TOTAL ACTIVITIES

Remote Advice	891
Advice on Location	30
Trade Promotion	2

923



ACTIVITIES PER THEME



FOOD
SECURITY
378



INDUSTRY,
TRADE &
ENVIRONMENT
222

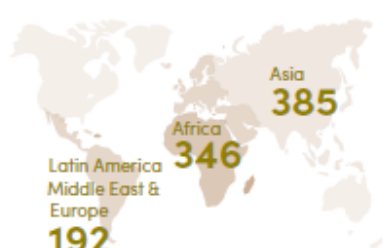


SME BUSINESS
SUPPORT CENTRE
& OTHER
172



HEALTH, HOSPITALITY
& EDUCATIONAL
INSTITUTES
151

ACTIVITIES PER REGION



38% % activities in Least Developed Countries / Fragile States

TOTAL CLIENTS SUPPORTED

Small &
Medium - sized
Enterprises
641

Business Support
Organisations
128



SUPPORT PROGRAMMES



PUM is involved in the implementation of **69%** support programmes worldwide.

PUM started co-development of **8%** new programmes in 2021.

HANS BLANKERT FUND

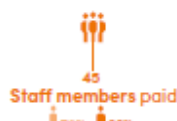


44 grants provided,
27% to female entrepreneurs,
with a total of € 202,402

PEOPLE



Experts 1,523
17% 83%



159
Representatives local
32% 68%

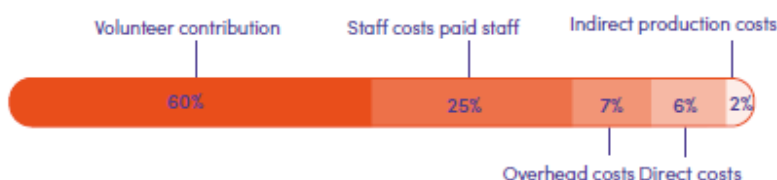
VOLUNTEER MARKET VALUE



9,220,400

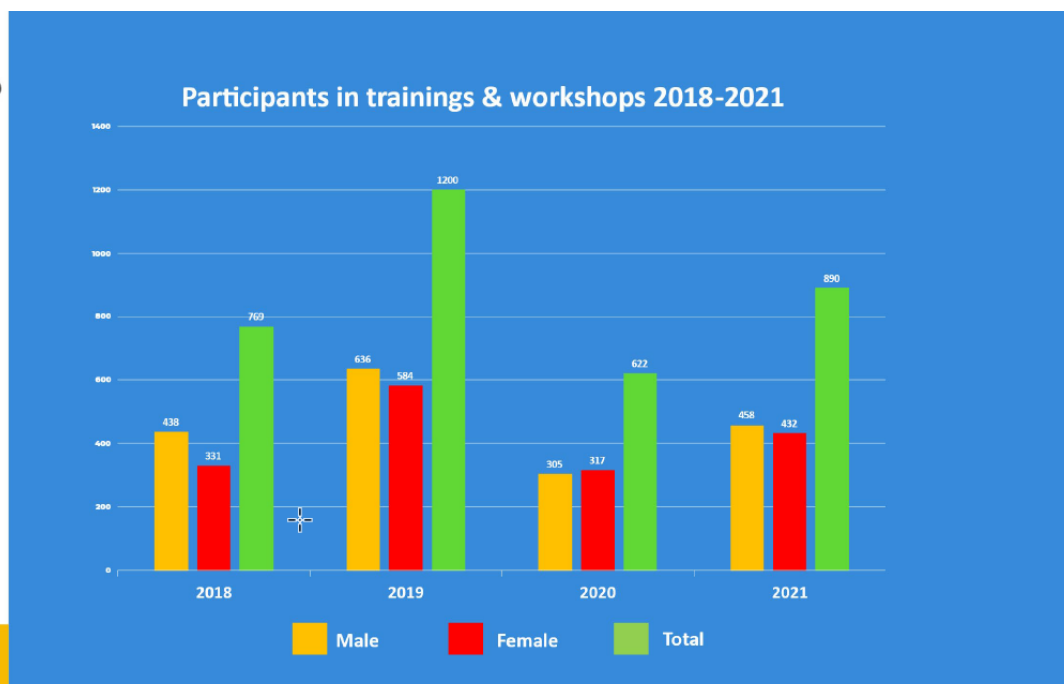
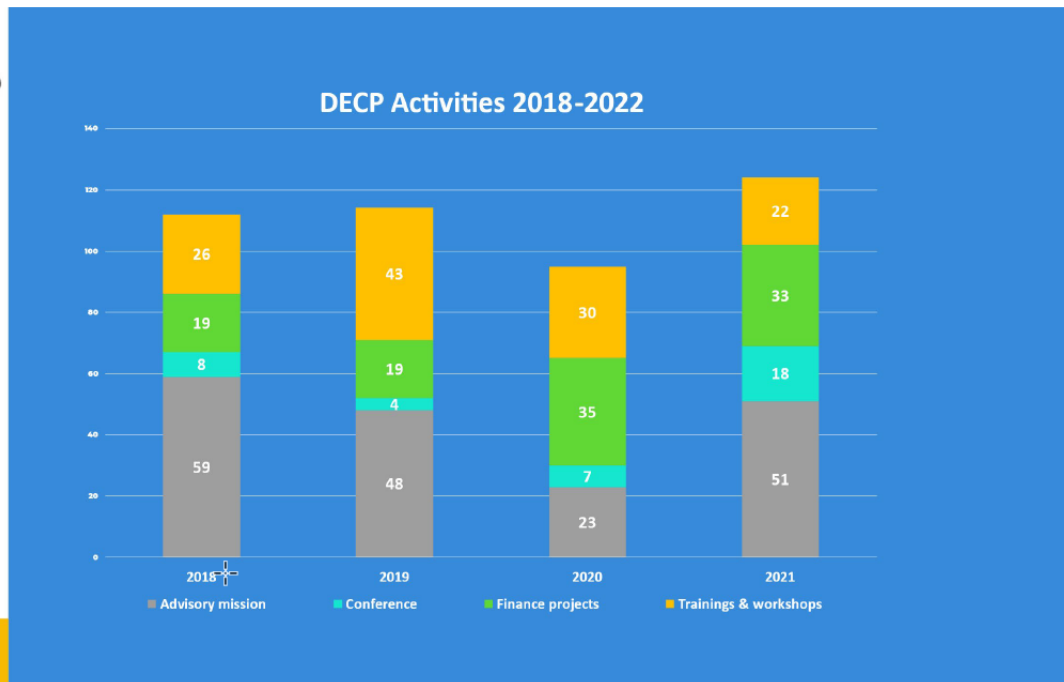
Our volunteers provide their time free of charge. In 2021 this amounted to 13,172 days, equalling a virtual market value of € 9,220,400 million

VALUE BREAKDOWN



- PUM provided support to 641 Small and Medium-sized Enterprises and 128 Business Support Organisations through a total of 923 support activities in 2021.
- As international travel was limited for the greater part of 2021, the large majority of support activities in 2021 were provided remotely. The number of remote support activities by PUM in 2021 was significantly higher than in 2020 (891 activities in 2021 compared to 616 in 2020).
- Although the number of on-site support activities was significantly lower than in 2020 (down from 361 activities), PUM was able to conduct 37 support activities on location during a brief window of more lenient travel regulations in Q4 2021. PUM also organised one trade promotion activity for which clients came to the Netherlands to visit potential Dutch business partners.
- In 2021, PUM provided most of its support activities to businesses and organisations in Food Security-related sectors (41%), followed by Industry, Trade & Environment (24%), the SME Business Support Centre & Other (19%) and Health, Hospitality & Educational Institutes (16%).
- While for many consecutive years Africa has been the most significant region for PUM in terms of the number of activities, in 2021 Asia was the region with the highest number of activities (42%), followed by Africa (37%) and Latin America, Middle East & Europe (21%). Just over one-third of these activities (38%) was situated in the group of Fragile and Least Developed Countries.
- PUM provided 44 grants to businesses for a total value of more than € 200.000 through the Hans Blankert Fund in 2021.

B) DECP



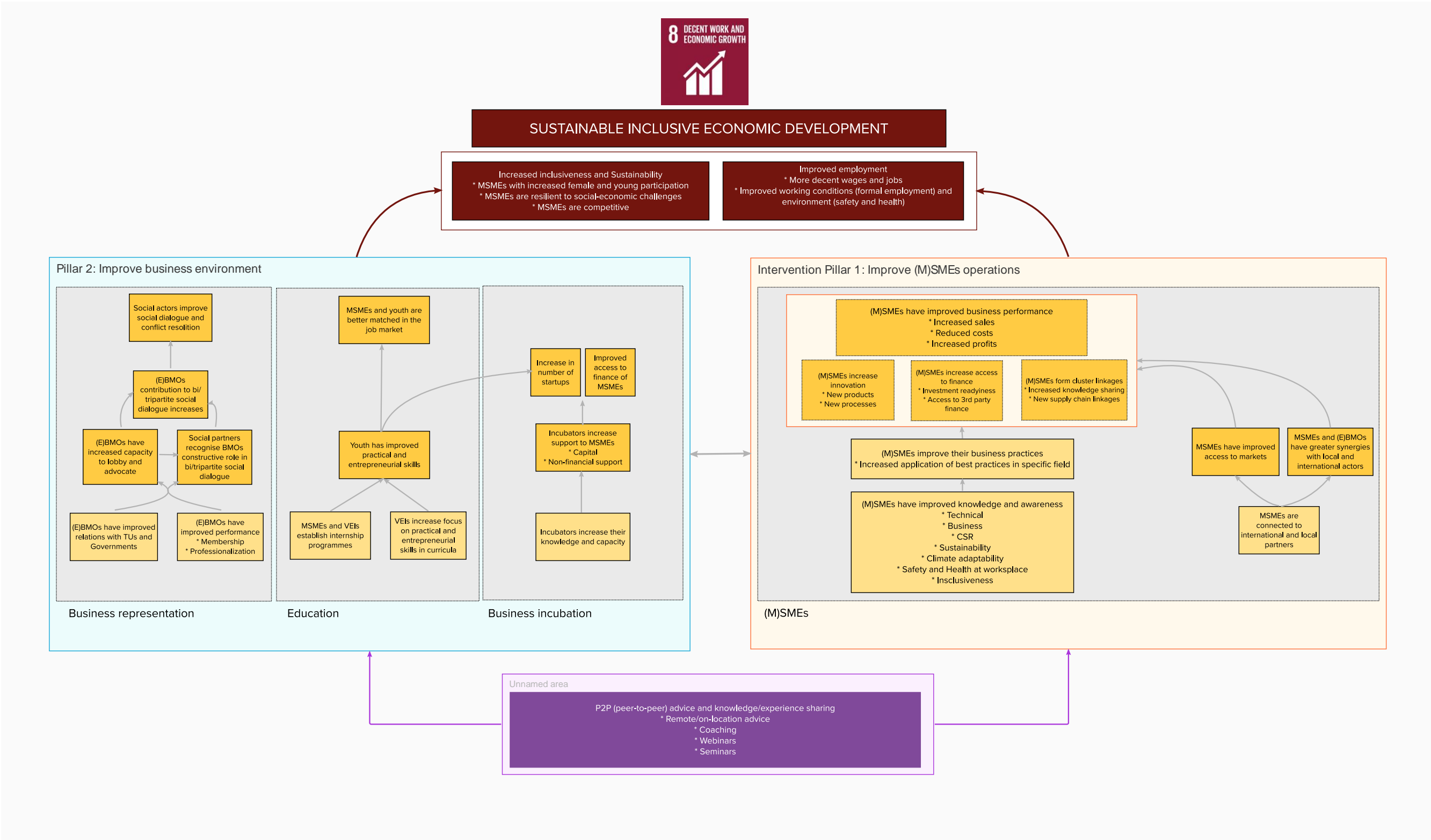
- Although the pandemic continued into 2021, DECP succeeded in continuing its activities. After the initial decline in 2020, the number of activities in 2021 (124) is even higher than in 2019 (114).

- The number of training sessions and workshops was significantly lower than before the pandemic. Nevertheless, meaningful training courses of strategic value have once again taken place in the past year. The strategic collaboration with ITCILO (the training centre of the International Labour Organisation ILO) has proven to be of great importance.
- DECP has financially supported several dozen projects in 2021. These projects all relate to membership management and social dialogue development. It goes without saying that DECP also supplements financial support with technical advice in these cases, albeit at a distance. This form of support will be phased out as technical support can increase.
- In 2021, DECP and its partners reached 890 participants via trainings and workshops.

Annex 2 Draft Theory of Change

With the assistance of SEO Amsterdam Economics, we are currently in the process of developing the adapted Theory of Change for the merged organisation.

The rationale behind the ToC is summarily explained on the next page.



Theory of Change - Rationale

The Theory of Change describes how the NL Employers 4 SDG 8 programme aims to create change in the short, medium and long term, ultimately leading to sustainable inclusive economic development as the overall goal of its activities. We want to achieve systemic change (towards improved governance, better functioning markets and societal welfare) in our focus countries through the enhancement of vibrant business systems, focusing on:

1. Increased inclusiveness and sustainability resulting in socioeconomic resilience of SMEs, improved responsible business conduct, equal and fair opportunities for all, including women and young entrepreneurs, improved competitiveness of SMEs in international and local value chains and innovative SMEs adapting to major societal issues such as climate change.
2. Improved employment and fair jobs for all: More decent jobs and wages, improved workplaces, improved working conditions and better safety and health regulations.

Two pillars are crucial to achieve the abovementioned results and impact:

Pillar 1 - Improved (M)SME operations

The central pillar describes the pathway to influence the SMEs directly. It primarily builds on the key assumption that the growth of SMEs in developing countries and emerging markets is affected by a lack of knowledge and skills. We consider this particular obstacle to SMEs' business performance as the main entry point for our support. Successive evaluations by PRIME indicate that knowledge and skills sharing contributes to improved business performance of SMEs. The knowledge, skills and experience of our expert pool is therefore our key input to promote (systemic) change for SME development. Through knowledge sharing and advice, we contribute in the short-term to an improved level of knowledge and skills among SMEs, leading to improved business practices. In the medium term, this will lead to innovation, improved access to finance, improved cluster linkages, and in the end to improved (sustainable and inclusive) business performance.

Pillar 2 – Improved business environment

If we want (M)SMEs to flourish, they must be embedded in a conducive business enabling environment. That is why the NL Employers 4 SDG 8 programme not only focuses on (M)SMEs, but also on other crucial stakeholders, such as (E)BMOs, BSOs and VETs. The knowledge, skills, experience, and networks of our volunteer expert pool are the main input to this pillar, with each type of stakeholder following a slightly different pathway to change.

- Through sharing our experts' networks, SMEs and (E)BMOs are better connected to (inter)national partners, improving synergies between our clients and actors in our networks and improving access to (international) markets.

- Through sharing knowledge, skills and experience with other (E)BMOs in South-South exchanges, (E)BMOs will improve their knowledge and capabilities, leading to improved performance and improved relations of (E)BMOs with Trade Unions and governments in the short term. In the medium term, this will lead to (financially) stronger and recognised (E)BMOs that have more capacity to lobby and advocate, resulting in improved social dialogue and more effective policy influencing in PUM's focus countries and therefore a better business environment for SMEs to operate in.
- Third, through sharing knowledge, skills and experience of our experts, incubators and VETs have access to improved knowledge and skills allowing them to better support young people to enter the labour market with in-demand skills. VETs learn how to improve their curricula, leading to improved practical and entrepreneurial skills for youth and improved alignment between the demand of the labour market and the skills of young employable people. Incubators learn how to improve their programmes in order to increase and improve the start-ups, creating more employment and entrepreneurship opportunities.

In order to successfully implement the strategy behind the Theory of Change, we will:

- Based on analysis and stakeholder consultation (including Dutch Embassies), focus on clusters of SMEs in sectors and chains with most potential to achieve results in above mentioned areas;
- Address MSMEs with a relevant proposition, delivered through group trainings, workshops and seminars/webinars;
- Establish strategic partnerships with (inter)national PSD organisations with local presence and support key stakeholders which we do not support directly, like financial institutions and national governments;
- Develop incentives for local representatives to help establish partnerships with local programme implementation partners;
- Leverage collaboration with (E)BMOs and BSOs;
- Develop tools, ensure professional recruitment and training of volunteers, local representatives, staff.

Annex 3 Risk Analysis

CONTEXTUAL RISK AREAS			
Risk	Probability	Impact	Mitigation measure(s)
<p>Political and social stability and relevant public health risks in the countries where PUM operates.</p> <p>Instability and insecurity are a regular feature in some PUM countries and may reduce the ability of clients to benefit from PUM's support.</p>	Medium	High	<ul style="list-style-type: none"> Actively monitoring the local situation in the PUM countries. Assessing risk as part of operational procedures. Adjusted travel protocols related to COVID-19. Extensive briefing of experts before support is provided.
<p>Legal, ethical and responsible practice among local partners.</p> <p>Local partners may be implicated in corrupt, fraud or other illegal practices. Precautions are taken before entering into an agreement with local partners.</p>	Low	Medium	<ul style="list-style-type: none"> Conducting due diligence before entering into a partnership. Following a zero tolerance policy; the partnership will be directly terminated in the case of illegal practices.
PROGRAMMATIC RISK AREAS			
Risk area	Probability	Impact	Mitigation measure(s)
<p>Additionality.</p> <p>Lack of input additionality may lead to market distortion and/or duplication of efforts. PRIME and the external evaluation have confirmed PUM's additionality.</p>	Medium	High	<ul style="list-style-type: none"> Pro-actively communicating to clients about additionality conditions. Structurally embedding additionality compliance (relative to local/international consultants and development organisations) as part of the intake procedures.
<p>Effectiveness of the cluster focus.</p> <p>The cluster focus requires time for PUM to prove its effectiveness. The particular cluster approach is adopted because of its suitability for PUM and to yield results along the way.</p>	Low	High	<ul style="list-style-type: none"> Strengthening the monitoring of clusters and groupwise advice approaches Using feedback mechanisms to improve and adapt ways to provide advice in clusters

<p>Impact attribution.</p> <p>Insufficient impact on a client or cluster level undermines PUM's mission. PRIME, as the main independent instrument to measure PUM's impact, confirms PUM's effectiveness.</p>	Low	High	<ul style="list-style-type: none"> • Strengthening impact (result) orientation as part of the operational procedures. • Monitoring impact (result) by an independent external party including feedback mechanisms to better define and use lessons learnt.
<p>Remote advice results.</p> <p>The external evaluation notes that remote advice is viewed as less effective than on-site support. The use of remote advice on a large scale is relatively new for PUM and needs time to grow into a mature instrument.</p>	Medium	High	<ul style="list-style-type: none"> • Aligning process, tools and capacities with requirements for remote advice. • Building capacity and guidance of experts for remote advice. • Strengthening impact (result) orientation as part of the operational procedures.
<p>Programme approach results.</p> <p>Lack of success in the programmatic approach could undermine the ambition of PUM to achieve more impact. Results of the programme activities by PUM show mixed evidence.</p>	Medium	Medium	<ul style="list-style-type: none"> • Building organisational capacity for programme development and management including result-orientation. • Enhancing organisational ability to monitor programme results. • Seeking collaboration with experienced programme implementation partners.
<p>Added value of local consultants.</p> <p>Additional responsibilities of local consultants may damage organisational effectiveness and raises compliance risks.</p>	Medium	High	<ul style="list-style-type: none"> • Investments in professionalisation, see chapter 8. • Ensuring additionality of local consultants as part of the operational procedures. • Aligning contractual arrangements with local consultants in line with additionality and compliance. • Monitoring the performance of the consultancy service delivered.
<p>Insight into the results of PUM's activities.</p> <p>PUM has not always been able to fully answer to the growing demand among key</p>	Medium	Medium	<ul style="list-style-type: none"> • Making use of a robust management accounting system. • Monitoring impact (result) of the activities by an independent external party.

stakeholders and partners for clearer and better quantifiable results of its activities.			
<p>Level playing field for clients to apply for support.</p> <p>A failure to provide a level playing field could lead to PUM's support not reaching clients who need it most.</p>	Low	High	<ul style="list-style-type: none"> Using various channels (e.g. social media, NL embassies, partner organisations) to reach potential clients. Enabling clients to directly apply for support without intervention by others.
<p>Volume-driven behaviour by local representatives.</p> <p>Remuneration may drive volume-driven behaviour among PUM's local representatives. A focus on quantity over quality may damage the effectiveness and impact of PUM's efforts. Measures have been taken to encourage impact-driven behaviour.</p>	Medium	High	<ul style="list-style-type: none"> Using a remuneration scheme for local representatives based on a monthly basic remuneration irrespective of the number of activities and a remuneration based on the number of activities completed with satisfying result. Using an assignment contract for local representatives, stating their 1) responsibility to contribute to the impact objectives of PUM and 2) financial independency from PUM.
<p>Expert (mis)matching.</p> <p>Experts may not or insufficiently match with the needs of the client.</p>	Medium	Medium	<ul style="list-style-type: none"> Maintaining a pool of experts with diverse expertise and skills. Actively recruiting PUM experts that bring in complementary expertise and skills. Careful matching procedure.

ORGANISATIONAL RISK AREAS

Risk area	Probability & Details	Impact	Mitigation measure(s)
<p>Merger with DECP.</p> <p>Merger with DECP may result in a (1) blurred organisation profile and (2) a clash of organisational cultures, and (3) insufficient volunteers with relevant (E)BMO and social dialogue expertise.</p>	Medium	High	<p>For 2022 PUM allocates budget for (1) rebranding and (2) for harmonisation of the organisational culture of the merged organisation. (3) VNO NCW will support the recruitment and deployment of volunteers. These risks are covered in more detail in Chapter 7.</p>

<p>Safety of PUM staff and experts in the field.</p> <p>Incidents of illness, death or deprivation of liberty of PUM staff / experts in the field have been minimal in recent years. Some degree of risk cannot be excluded, however.</p>	Low	Medium	<ul style="list-style-type: none"> • Following a Duty-to-Care policy; the key principle in the decision to travel is to minimise health and safety risks for staff as much as possible. • Active monitoring of the health and safety situation in the PUM countries. • Extensive briefing of staff and experts before departure.
<p>Safe working environment.</p> <p>PUM staff, experts and local representatives may experience an unsafe working environment.</p>	Low	Medium	<ul style="list-style-type: none"> • A Code of Conduct is in place and signed by every staff member. • An internal and external Confidential Counsellor is available. • A complaints procedure in place for staff to report undesirable behaviour.
<p>Organisational behaviour.</p> <p>PUM staff/ experts may be engaged in culturally insensitive or other inappropriate behaviour in the field.</p>	Low	Medium	<ul style="list-style-type: none"> • Nurturing a culture of equitable collaborative behaviour. • All experts receive a mandatory training in intercultural communication & advisory skills before their first deployment. • Promoting a diversified expert pool in terms of gender, age and other background aspects.
<p>Financial management.</p> <p>PUM may be implicated in fraud, corruption or other financial irregularities.</p>	Low	Medium	<ul style="list-style-type: none"> • Maintaining a small circle of people with financial management authority. • Positioning the controller next to the CEO. • Maintaining strict and automated financial administration and control procedures (e.g. dual signature policy). • Ruling out cash transactions.
<p>Reputation.</p> <p>Organisational reputation damage could undermine our legitimacy among clients and</p>	Low	Medium	<ul style="list-style-type: none"> • A General Data Protection Regulation (GDPR) policy is in place. • A Code of Conduct is in place.

partners. PUM has built a sound reputation throughout existence. An incident cannot be ruled out.			<ul style="list-style-type: none"> • A Complaints procedure is in place. • A (communication) crisis plan is in place.
<p>IT system reliability.</p> <p>The IT system may crash or seriously malfunction, which could slow down PUM's ability to do work effectively.</p>	Medium	Medium	<ul style="list-style-type: none"> • Providing for continuous IT system maintenance and development. • Migrating to a cloud infrastructure that is less prone to a system crash.
<p>Data security.</p> <p>A data breach could lead to significant unexpected costs for PUM. Improving data security is a key concern with the current project management system.</p>	Medium	Medium	<ul style="list-style-type: none"> • Ensuring GDPR compliance. • Dedicated team of staff in place that monitors data security and immediately acts in case of incidents. • Informing staff on how to safeguard data security. • Migrating to a new IT system less prone to data security risks.
<p>Compliance with funding contracts.</p> <p>Funders may discontinue contracts and related funding.</p>	Low	Low	<ul style="list-style-type: none"> • Using contractual provisions regarding terms and conditions for termination (e.g. minimum notice period, termination clause). • Promoting funding diversification to prevent dependency on a limited number of funding sources. • Maintaining financial flexibility to weather financial setbacks.
<p>Fundraising.</p> <p>PUM is currently dependent on a small number of funders. Diversification of funding has been below target in recent years.</p>	High	Low	<ul style="list-style-type: none"> • Implementing adapted fundraising strategy (see Chapter 9): focus on high potential funders and a selection of most promising countries for local fundraising. • Maintaining fundraising capacity at the targeted level of 2.0 FTE.

Annex 4 Evaluation results

Evaluation findings and recommendations for PUM (2020)

Effectiveness

According to the SEO evaluation, PUM's experts were clearly effective in transferring knowledge and hands-on expertise to SMEs, BSOs/business incubators and Vocational Education and Training institutes. Drawing on the 2019 annual PRIME survey, the evaluation demonstrated that 78% of the supported clients attribute their improved business practices and results, including increased profit, turnover and employment, to PUM's support. In 2020, while business growth was heavily affected by COVID-19, results were still positive, with +8% increase in profit and +7% in employment in firms that attributed change of business practices to PUM. Besides PUM's direct effects, SEO also confirmed that PUM's programmatic approach yields desirable horizontal and vertical spill-over effects.

SEO also identified some points for improvement. As remote advice was experienced by multiple clients as less effective overall than in-person assistance, SEO recommended process adaptations to enhance the results of remote advice. Finally, PUM's contribution to gender equality or clients' gender sensitivity could be further strengthened by a more systematic approach to women's empowerment.

Sustainability

Due to a general lack of data, the evaluation generated limited evidence on the sustainability (durability) of the indirect effects of PUM's activities. However, the case studies provided concrete examples of long-term sustainability of effects. To further strengthen the (monitoring of the) sustainability of PUM's activities, it was recommended to implement a mandatory follow-up process with clients to assess longer-term effects and possible needs for additional support.

Relevance

There was widespread agreement among stakeholders that the advice provided by PUM experts met the actual needs of PUM clients. SEO also concluded that PUM's selection of focus countries is relevant and well-aligned with the BHOS private sector development policy. PUM's clear focus on specific countries and sectors prevents fragmentation and helps create synergies with other public and private development efforts.

The SEO evaluation suggested that PUM could further strengthen the selection of relevant clients based on the criterion of impact potential while taking into account external risks. Furthermore, PUM could be more ambitious with regard to gender targets and results measurement of youth employment. Improving monitoring on these themes is put forward as a priority.

Additionality

The SEO evaluation confirmed that PUM was additional to other service providers, both in terms of input additionality (i.e. offering services that could not have been provided by others) and development additionality (i.e. contributing to changes in relevant outcomes that would not have materialised without PUM). Most stakeholders saw PUM as adding value to other Dutch development programmes, in particular through the high-quality technical and practical expertise of our experts. Improved coordination with other development organisations could further increase PUM's additionality.

Efficiency

In the evaluated period between 2017 and 2019, PUM did not see any major efficiency gains or losses in terms of activities per FTE. SEO further concludes that the overhead in percent of total costs decreased, but by less than targeted, while costs per activity increased slightly. SEO was not able to draw definitive conclusions concerning the efficiency advantages of PUM's programmatic approach and the use of volunteers. SEO further suggested that the preparation time leading up to execution and subsequent follow-ups could be shortened.

Coherence

The results regarding PUM's coherence were mixed. Stakeholders provided multiple examples of PUM's successful cooperation with other PSD programmes financed by the Dutch government. However, SEO also states that more results could be achieved through a more pro-active approach to cooperation in the countries. PUM also successfully cooperated with other development programmes of other development organisations, with some evidence of overlap that calls for more coordination. Finally, while PUM's programmatic approach was generally valued, it was recommended that PUM designs and implements this approach in partnership with existing third-party programmes, rather than developing our own independent programmes.

[Evaluation findings and recommendations for DECP \(2017-2021\)](#)

Findings

The evaluation confirmed that DECP is a relevant and effective capacity development support programme for (E)BMOs in developing countries, being widely appreciated and recognised by the directly benefiting partners in 22 countries as well as indirect stakeholders such as ILO, FNV, CNV, the International Organisation of Employers (IOE) and others.

Since its foundation fifteen years ago, DECP has developed productive and open dialogue and growing cooperation with Dutch Trade Unions (TUs). In several countries, initiatives for

cooperation on the ground have been developed and implemented, resulting in unequivocal progress in bilateral social dialogue and collective bargaining negotiations between TUs and EOs.

The results achieved by DECP in specific areas and sectors significantly vary across countries and partner organisations. According to DECP key performance indicators (KPIs), partner EOs' performance improvements are strongest in African countries, while some countries in Asia and Latin America experience more challenges in achieving the predefined targets.

Although implementing DDE's cross-cutting policy priorities (poverty reduction, gender equality, human rights, sustainable development, climate change) has not become an integral part of DECP's programming, DECP has made efforts and realised some progress in addressing these policy priorities during the past implementation period.

Support to organising and strengthening business member organisations (BMOs)⁵ by default is provided by DECP to registered and formally-recognised EOs, usually members of the IOE and thus is focusing on the organised formal economy in developing countries. Both DECP and its partner BMOs recognise the challenge of dealing with the large informal economy in these countries and how to include this huge sector in sustainable and inclusive economic development, whereby several initiatives are undertaken in DECP programming. However, considering the magnitude and persistence of the phenomenon of the informal economy – particularly in (post-) COVID-19 times – more concerted efforts of different partners may be needed to increase attention to this challenge

DECP currently lacks in terms of guiding and orienting the planning and implementation of its capacity development interventions with a specific and elaborated ToC.

DECP occupies a specific and small niche in the framework of the Sustainable Economic Development Department of MoFA, DDE's broader strategy and ToC as well as the framework of VNO-NCW's overall business strategy. Opportunities for synergy, linkages and cooperation on the ground have remained largely limited to the VMP trade union partners and the international Labour Organisation (ILO), particularly with its International Training Centre (ILO-ITC).

In several DECP partner countries, the Netherlands' embassies are only vaguely aware of the strategies and interventions of DECP and usually have limited staff capacity to deal with a multitude of private sector development (PSD)-related initiatives. The embassies tend to focus on specific private sector and trade related initiatives and less on social dialogue-focused DECP interventions. This has resulted in limited linkages enabled by Netherlands' embassies with other PSD-related actors and interventions at the country level.

The capacity development approach and methodology applied by DECP is largely 'traditional', by deploying Dutch- (and Europe-) based senior experts, mainly transferring

relevant knowledge in a 'North-South' direction, although – particularly in the years prior to the COVID-19 pandemic – DECP has stimulated South-South exchange through organising cross cutting meetings bringing together partners from different countries

Recently, DECP has more strongly focused on linking and developing skills for the labour market, particularly in expanding its activities in West Africa, which provides excellent possibilities to expand cooperation and link with other development initiatives in the education and skills development sectors.

DECP maintains close dialogue and coordination with ILO and the Nordic partners for international capacity development of EOs through regular coordination meetings. Generally, there is a reasonable awareness of each other's relations and interventions, although these are not yet translated into close coordination, cooperation, and joint programming on the ground.

The DECP capacity development partnership engages in long-term relations as a peer organisation to its partners in developing countries. The DECP business plan does not present clear exit and transfer strategies, nor is there a shift in the programme's relations with partners throughout different business plan periods.

VNO-NCW feels strong ownership of its DECP, and this programme is considered strategic for the development of international relations and strategies (such as VNO NCW's recent Africa Strategy). Although VNO-NCW's own contribution in terms of financial and human resources is substantial, the strategic importance of DECP for VNO-NCW may not be fully reflected in a structural financial commitment and a comprehensive fundraising strategy to sustain DECP's operations in the longer term that would be sufficient to ensure its continuation in case MoFA/DDE decided to end its financial support to this programme.

DECP has achieved efficiency in the provision of its capacity development support, particularly in having a small and flexible team that can easily be deployed according to the needs and demands of partners. However, its efficiency is diminished by allocating small budgets to a high number of partners, leading to fragmentation of budget and efforts.

Recommendations

1. Now that the decision to effectuate the merger of the two programmes has been taken, the DECP and PUM boards and management teams are recommended to start preparing the outline of a new programme for international cooperation between BMOs at the national, sectoral and company level with individual members. It is further recommended to develop the new programme with two different time perspectives: a) the next five-year planning cycle of DECP and PUM focusing on effectuating the merger of the two programmes; and b) longer-term development of the merged DECP-PUM

programme within a broader context of actors and interventions, supporting sustainable and inclusive economic growth, in line with the policy objectives and ToC of MoFA/DDE;

2. DECP and DDE are recommended – also inviting the partners in the VMP and ILO – to develop a common approach on bi- and tripartite social dialogue and specify its relevance and importance for improving the business-enabling environment for sustainable and inclusive economic growth;
3. DECP and DDE are advised to reconfirm the selection of eligible countries for DECP support to ensure that it can continue to be provided in countries with contextual and institutional conditions that allow DECP to contribute to systemic changes. This focus may deviate from the Netherlands’ development support, which concentrates on low-income economies, mainly in the Sahel, Horn of Africa, Middle East and North Africa. This requires a broad list of eligible PSD countries at DDE, including lower-middle-income countries and possibly also middle-income countries. Subsequently, DECP is advised to review the match of the available budget for DECP activities and the number of countries and partners supported during specific programming cycles to ensure a sufficient size and intensity of support provided;
4. It is recommended for DECP to systematically provide attention in its capacity development approach and support interventions to cross-cutting policy priorities of poverty reduction and inclusion, gender equity and equality, human rights, and sustainable development and climate change. This may be more easily achieved under the concept of responsible business conduct (RBC);
5. DECP is recommended to explore – in close cooperation with DDE, the VMP partners and ILO – a specific focus area in its future programme cycle on formalising the informal economy and avoiding the informalisation of the formal economy, with the latter as a phenomenon that has suddenly increased during the COVID-19 pandemic. Addressing the challenges of the informal economy in developing countries may well require developing a specific additional pathway in DECP’s ToC;
6. DECP is recommended to continue building thematic strength in specific sectors and subjects, such as linking skills with the labour market in which DECP has invested in recent years. This should be complemented with coordination and cooperation with other specific partners to improve perspectives for results and impact in specific sectors;
7. DECP is recommended to intensify its current coordination and cooperation with the Nordic international support programmes of EOs and with ILO and ITC-ILO, particularly in closer cooperation in support interventions on the ground with shared partners. This will require joint programming by different partners when engaging with the same EO partners;

8. DDE and Netherlands embassies are recommended to include – in orientation and task descriptions of their staff members involved in economic diplomacy, international trade and investment promotion and specific sectors such as skills development and technical and vocational education and training (TVET) – specific attention for the work of DECP and VMP partners as well as ILO and their potential contribution to an improved business-enabling environment. DECP is recommended to more pro-actively and regularly reach out to Netherlands embassies in the countries in which operates;
9. DECP is recommended to enrich its current approach in capacity development to include more diverse forms of capacity development services to increase its relevance to specific partners and the contexts in which it operates. This can be achieved with increased attention for South-South and diagonal exchange of experiences between partner BMOs and recruiting more regionally- and nationally based expertise. DECP is recommended to consider hybrid forms of TA and training services in the post-COVID-19 era.
10. DECP is advised to continue with its current monitoring and evaluation (M&E) systems and indicator set to measure progress in achieving results and capacity development among its partner BMOs. DECP is further recommended to use its organisational maturity scoring scale and assessments as an instrument for planning and implementing exiting strategies, when specific partner BMOs can be considered as graduated;
11. VNO-NCW and the boards of DECP-PUM are recommended to consider how ownership of the merged DECP-PUM programme can be secured in the long term, as well as to develop a coherent fundraising strategy that will secure the longer term continuation of DECP while reducing the dependence of the programme's continuation on external support from DDE alone. In this respect, DDE is recommended to ensure that its funding requirements and conditions for project and programme funding establish a level playing field for all partners supported by DDE.