

Evaluation PUM Programme  
2001-2005

FINAL REPORT

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## List of abbreviations and acronyms

Anamon	Analysis and Monitoring
AWO	(Dutch abbreviation) General Work Discussion
BLP	Business Link Programme
BSO	Business Support Organisation
BZ	(Dutch abbreviation) Ministry of Foreign Affairs
CBI	Centre for Promotion of Import from Developing Countries
CC	Country Coordinator
CEEC	Central and Eastern European Countries
CESES	Confederation of European Senior Expert Services
CSR	Corporate Social Responsibility
CV	Curriculum Vitae
DAC	Development Assistance Committee
DGIS	(Dutch abbreviation) Department of International Development (Ministry of Foreign Affairs)
EE	Enabling Environment
EU	European Union
EVD	Agency for International Business and Cooperation
EZ	(Dutch abbreviation) Ministry of Economic Affairs
FMO	Netherlands Development Finance Company
FU	Follow-up project
ICCO	Interchurch organisation for development co-operation
LC	CC (Dutch abbreviation for Country Coordinator)
LDC	Least Developed Countries
LR	Local Representative
LV	LR (Dutch abbreviation for Local Representative)
MEA	Ministry of Economic Affairs
MFI	Micro Finance Institution
MWW	Managers World Wide
NCDO	National Committee for International Cooperation and Sustainable Development
NGO	Non-governmental organisation
NMCP	previous name of PUM
ODA	Official Development Assistance
OECD	Organisation for Economic Co-operation and Development
ORET	(Dutch abbreviation) Concessional Finance of Development Related Export Transactions
PASP	Pre-Accession Support Programme
PBR	Project Support Mission
PRINS	(Dutch abbreviation) Project Information System
PrOf	Project Officer
PSO	Programme Co-operation Eastern Europe
PSOM	Programme Support of Emerging Markets
PUA	PASP (Dutch abbreviation)
PUM	(Dutch abbreviation) Stichting PUM, Netherlands Senior Experts
SC	Sector Coordinator
SEAF	Small Enterprise Assistance Funds
SES	(German abbreviation) Senior Experten Service
SME	Small and Medium Sized Enterprises
SNV	(Dutch abbreviation) Stichting Nederlandse Vrijwilligers (Foundation of Netherlands Volunteers)
ToR	Terms of Reference
VC	Venture Capital
VNO-NCW	Confederation of Netherlands Industry and Employers
WOS	(Dutch abbreviation) Werkoverleg Sectorcoördinatoren
WOLP	(Dutch abbreviation) Werkoverleg Project Officers
WOLS	(Dutch abbreviation) Werkoverleg Landen en Sector Coördinatoren
WOTS	(Dutch abbreviation) Werkoverleg Training en Stage Coördinatoren

## Nederlandstalige samenvatting

### 1. Introductie

In opdracht van het Ministerie van Buitenlandse Zaken, Directoraat-Generaal voor Internationale Samenwerking (DGIS) en het Ministerie van Economische Zaken (EZ), heeft NIBConsult een evaluatie uitgevoerd van de Stichting PUM (hierna PUM genoemd). De evaluatie vond plaats in de periode juli 2006 tot december 2006 en heeft betrekking op de periode 2001-2005.

Het doel van PUM is om economische ontwikkeling te bevorderen en hiermee een bijdrage te leveren aan armoedebestrijding in ontwikkelingslanden. Hiertoe richt PUM zich allereerst op ondersteuning van individuele kleine- en middelgrote ondernemingen (het MKB). Daarnaast biedt PUM waar nodig hulp aan publieke en private organisaties, die van belang zijn voor een gezonde ontwikkeling van het bedrijfsleven (zogenaamde “Enabling Environment” organisaties).

PUM combineert de doelstellingen van zijn hoofdsponsors DGIS en EZ. Het DGIS beleid richt zich op de ontwikkeling van de particuliere sector in ontwikkelingslanden om bij te dragen aan de armoedebestrijding. Het beleid van EZ richt zich ook op de ontwikkeling van de private sector, maar is daarnaast ook gericht op samenwerking tussen Nederlandse en buitenlandse ondernemingen.

### 2. Doelstellingen en aanpak van de evaluatie

De doelstellingen en de scope van de evaluatie zijn vastgelegd in de Terms of Reference (ToR) van juni 2006. Het doel van de evaluatie is:

- a) Het afleggen van verantwoording over het PUM-Programma over de periode 2001-2005, en
- b) Het verkrijgen van inzicht in mogelijke verbeterpunten voor de toekomst voor zowel EZ, DGIS als Stichting PUM met betrekking tot de beleidsrelevantie, doelmatigheid (efficiency) en doeltreffendheid (effectiviteit) van het PUM programma.

In de ToR zijn 23 operationele vragen gespecificeerd. Deze vragen hebben betrekking op beleidsrelevantie, effectiviteit, efficiency, businesslinks en samenwerking met lokale organisaties. Daarnaast moesten enkele algemene vragen worden beantwoord. Daarnaast heeft de evaluator twee vragen toegevoegd die betrekking hebben op financieringskwesties waarmee PUM wordt geconfronteerd.

Voor de evaluatie zijn de volgende methoden van informatievergaring gebruikt:

- Deskstudie  
Deskstudie is uitgevoerd om een goed beeld van de PUM organisatie te krijgen, alsmede om de voornaamste ontwikkelingen in de evaluatieperiode 2001-2005 in beeld te krijgen. Hiervoor is een groot aantal rapporten geanalyseerd. Belangrijke bronnen van informatie waren jaarverslagen, jaarovereenkomsten tussen PUM en DGIS/EZ, budgetten, besprekingsverslagen en verscheidene interne onderzoeken, uitgevoerd door PUM. Tevens zijn de projectgegevens, zoals opgeslagen in de database van PUM, de zogenaamde PRINS database, geanalyseerd.

- Interviews in Nederland  
in Nederland zijn interviews afgenomen met een groot aantal PUM personeelsleden en andere stakeholders. Samenvattend zijn de volgende personen geïnterviewd:
  - Het PUM bestuur (voorzitter);
  - Het managementteam (4 personen, inclusief de algemeen directeur en de financieel/ operationeel directeur);
  - Het PUM personeel (3 Project Officers, 10 sectorcoördinatoren en 9 landencoördinatoren);
  - PUM Experts (24 personen);
  - Beleidsambtenaren van DGIS (3 personen) en EZ (2 personen);
  - Andere organisaties (CBI, Triple Jump, Oiko Credit, FMO).
- Enquêtes  
Enquêtes zijn verspreid onder vier groepen stakeholders: 300 experts, 39 landencoördinatoren, 44 sectorcoördinatoren en 100 lokale vertegenwoordigers. Ongeveer 70% van het totale aantal enquêtes is beantwoord.
- Het veldonderzoek  
Voor het veldonderzoek zijn zes landen bezocht: Bulgarije en de Russische Federatie (EZ focuslanden) en India, Peru, Kenia en Oeganda (DGIS focuslanden). In deze landen zijn in de periode 2001-2005 bijna 1.000 projecten uitgevoerd (ongeveer 12,5% van het totale aantal uitgevoerde projecten). Per land werden gemiddeld 10 MKB-bedrijven/Enabling Environment-instellingen bezocht. Daarnaast zijn ook vertegenwoordigers van de Nederlandse Ambassade, de lokale Kamers van Koophandel en andere lokale organisaties geïnterviewd. Bovendien zijn 11 lokale vertegenwoordigers van PUM geïnterviewd tijdens het veldonderzoek.

Dit rapport is voornamelijk gebaseerd op deskstudie, interviews en enquêtes; het veldonderzoek was beperkt en had als doel om de bevindingen en de resultaten van de deskstudie te illustreren en te verifiëren.

### 3. Bevindingen en conclusies

#### ***Achtergrond PUM***

De activiteiten van PUM zijn aanzienlijk toegenomen in de evaluatieperiode. Dit wordt onder meer aangetoond door de groei van zowel het aantal werknemers (van 80 in 2001 tot 165 in 2005) als het aantal projecten (van 1.600 in 2001 tot 1.800 in 2005). Bovendien hebben zich binnen de organisatie aanzienlijke operationele ontwikkelingen voltrokken. Hiervan is de introductie van de PRINS database wellicht het belangrijkste. De PRINS-database bevat gegevens over alle aanvragers en projecten. Daarnaast worden in de database alle gegevens opgeslagen, afkomstig van de formulieren die PUM gebruikt voor de evaluatie (achteraf ingevuld door het bedrijf), debriefing (achteraf ingevuld door de expert) en survey (steekproefsgewijs achteraf ingevuld door de landencoördinator). De formulieren worden verwerkt in de database van PUM en de gegevens worden gebruikt voor interne en externe rapportages en om de kwaliteit en de voortgang van de projecten te bewaken. Verder is geconstateerd dat PUM de focus op MKB-bedrijven heeft gericht. Daarnaast is PUM meer aandacht aan vervolgprojecten gaan besteden.

In de vorige evaluatie is een aantal aanbevelingen geformuleerd. Al deze aanbevelingen hadden betrekking op een verdere professionalisering van de organisatie. In deze evaluatie is onderzocht in hoeverre deze aanbevelingen door PUM zijn opgevolgd. Op het moment dat de vorige evaluatie plaatsvond waren veel van de voorgestelde veranderingen reeds in gang gezet. Van de elf aanbevelingen is er slechts één niet uitgevoerd. Dit betreft de aanbeveling betrekking hebbend op "het bereik van het PUM-programma". De vorige evaluator deed de aanbeveling om niet actief te zijn in landen waar de "overheid niet openlijk de particuliere sector steunt". Het PUM management is niet met deze aanbeveling akkoord gegaan, aangezien zij van mening is dat zij het overheidsbeleid in deze landen op een positieve manier kan beïnvloeden door de particuliere sector in deze landen te steunen. Van de resterende tien aanbevelingen zijn vijf aanbevelingen volledig uitgevoerd, terwijl nog eens vijf aanbevelingen gedeeltelijk zijn uitgevoerd. Deze laatste groep aanbevelingen heeft betrekking op de doelgroep en selectie criteria, de benadering van vervolgprojecten, de rol van de lokale vertegenwoordiger, de transparantie naar PUM-adviseurs en de kwaliteit van de administratie.

### **Beleidsrelevantie**

De evaluatie heeft laten zien dat PUM projecten in het algemeen passen binnen de doelstellingen van de beide Ministeries en tegemoet komen aan de behoeften en wensen van de aanvragers. Hoewel het moeilijk is om de daadwerkelijke gevolgen van de PUM-ondersteuning te meten in termen van armoedebestrijding, geeft het onderzoek wel aanwijzingen dat de PUM-ondersteuning positieve gevolgen heeft voor de lokale economie met betrekking tot het creëren van werkgelegenheid en de economische groei van bedrijven en derhalve past binnen de doelstelling van DGIS om de particuliere sector in ontwikkelingslanden in het kader van armoedebestrijding te stimuleren. Voor EZ landen sluiten de projectresultaten aan op de doelstelling om bij te dragen aan het creëren van gunstige voorwaarden voor internationale economische activiteiten van de Nederlandse private sector. De resultaten van het veldonderzoek in Bulgarije en de Russische Federatie bevestigen een substantiële toename in aantallen zakelijke contacten.

De vraag in hoeverre de projectresultaten bijdragen aan de doelstelling van het programma bleek moeilijk om te beantwoorden. Noch EZ noch DGIS hebben eisen geformuleerd met betrekking tot de rapportage van de PUM doelstellingen. Daarnaast maakt de aard van deze doelstellingen het zeer moeilijk om deze op een eenduidige manier te vertalen naar de projectresultaten. Dientengevolge heeft PUM geen indicatoren ontwikkeld om de lange termijn doelstelling van het programma (armoedebestrijding) te meten en is er geen informatie over deze doelstellingen verzameld in de PRINS database. Vanwege de beperkte scope van het veldonderzoek, is het niet mogelijk om tot constatering te komen die in direct verband gebracht kunnen worden met deze specifieke doelstellingen.

Om in ieder geval enige indruk te geven van de bijdrage van de PUM projecten aan de programma doelstellingen is besloten om met behulp van de PRINS database de effecten van de PUM adviezen te onderzoeken op een aantal aspecten. Hierbij is onderzocht in hoeverre de projectresultaten hebben bijgedragen aan de algemene doelstelling "de bijdrage aan de groei van een sterke MKB sector", zoals genoemd in het jaarverslag van PUM. Vervolgens was het binnen de scope van de veldstudie mogelijk om de resultaten van een selectie van projecten te onderzoeken op bovengenoemde aspecten. Deze resultaten zijn vergeleken met de informatie die in de PRINS database is opgeslagen.

De algemene indruk van de evaluator van de projecten die in de DGIS landen zijn bezocht is vrij positief, met name in India. Met betrekking tot de projecten die in Oeganda zijn bezocht, geven de bevindingen een minder eenduidig beeld. In het algemeen bevestigt het veldonderzoek van de DGIS landen de resultaten zoals opgeslagen in de PRINS database. De algemene indruk van de evaluator van de projecten die in de EZ landen zijn bezocht is ook positief, met name in de Russische Federatie.

Tabel 1 vat voor elk ministerie de resultaten samen voor de aspecten die zowel in het veldonderzoek als in de PRINS database inbegrepen waren.

Tabel 1: Vergelijking projectresultaten veldonderzoek, met informatie die is opgeslagen in de PRINS database

		Uitstekend	Goed	Voldoende	Zwak	Niet van toepassing
Kwaliteit van huidige producten						
	PUM-formulieren	28 %	58 %	7 %	0 %	8 %
	Veldonderzoek	11 %	50 %	11 %	3 %	26 %
Kwaliteit van nieuwe producten						
	PUM-formulieren	30 %	51 %	12 %	0 %	7 %
	Veldonderzoek	12 %	51 %	2 %	2 %	34 %
Efficiëntie						
	PUM-formulieren	27 %	52%	11%	2%	9%
	Veldonderzoek	12%	53%	17%	0%	18%
Bedrijfsomzet						
	PUM-formulieren	24%	44%	8%	2%	23%
	Veldonderzoek	9%	41%	8%	2%	41%
Werkomstandigheden						
	PUM-formulieren	17%	39%	10%	2%	32%
	Veldonderzoek	2%	27%	17%	0%	55%
Resultaten t.o.v. de kosten						
	PUM-formulieren	65%	33%	2%	0%	0%
	Veldonderzoek	29%	58%	11%	2%	0%

Bronnen: Veldonderzoek, PRINS database

De resultaten laten geen grote verschillen zien. In vergelijking met de PRINS database gebruikt de evaluator de kwalificatie "uitstekend" minder vaak. Bovendien geeft de evaluator vaker aan dat een aspect niet van toepassing is.

## **Effectiviteit**

### Lokale Vertegenwoordiger (LV)

Het functioneren van de LV's is tijdens de evaluatieperiode verbeterd, met name ten aanzien van de acquisitieactiviteiten. Tijdens de evaluatieperiode heeft PUM de verantwoordelijkheden van de LV's uitgebreid, is geprobeerd om de prestatienorm van LV's te verbeteren en is geprobeerd om de invloed op hun functioneren te verbeteren. De genomen maatregelen omvatten het geven van regelmatige en gedetailleerde instructies voor de vereiste werkmethode, het vervangen van minder goed functionerende LV's en het verzorgen van een betere landelijke of regionale spreiding, waarin de



aanwezigheid van LV's beter aansluit bij het activiteitsniveau. Niettemin is er nog ruimte voor verdere verbeteringen.

### Stafvrijwilligers

De performance van de vrijwilligersorganisatie PUM is in het algemeen professioneel en effectief en lijkt in veel opzichten (structuur, betrokkenheid van werknemers, etc.) niet te verschillen van andere niet-vrijwilligersorganisaties. Hoewel de experts en de stafvrijwilligers niet altijd aan de verwachtingen voldoen en nu en dan een minder betrokken houding tonen, kan in het algemeen gesteld worden dat de betrokkenheid van de vrijwilligers uitstekend is. Zowel de sectorcoördinatoren (SC's) als de landencoördinatoren (LC's) hebben hun taken op een professionele en effectieve manier uitgevoerd en nemen de tijd die hun functies vereisen. In sommige gevallen heeft de evaluator geconstateerd dat de uitbreiding van het programma wat druk op de organisatie zet. Verder valt op dat niet altijd volledig wordt voldaan aan de gestelde rapportage eisen en dat daarop niet altijd voldoende controle wordt uitgeoefend. Tot slot is geconstateerd dat in een aantal gevallen aan de effectiviteit van de debriefing door de expert met de landencoördinator moet worden getwijfeld. Ook is het niet duidelijk waarom de sectorcoördinator niet bij de debriefing wordt betrokken.

### Rekruteren en selecteren van (staf)vrijwilligers

In de evaluatie is geconstateerd dat de CV database niet altijd up-to-date is en CV's bevat met onvoldoende informatie. Het selectieproces van stafvrijwilligers is niet transparant, wat bij sommige experts tot irritatie leidt. Hoewel kwaliteiten zoals ervaring als expert, managementvaardigheden, internationale - en landspecifieke ervaring in acht worden genomen, zijn de criteria niet voldoende duidelijk. Verder constateert de evaluator dat de pool van deskundigen, waar de sectorcoördinatoren verantwoordelijk voor zijn, in een aantal gevallen te groot is: veel experts hebben nooit de sectorcoördinatoren van hun sector ontmoet.

### Effectiviteit van de organisatie

Gedurende de evaluatieperiode heeft PUM verschillende maatregelen genomen om de effectiviteit van de organisatie te vergroten. Thans is de informatie veel toegankelijker en is de organisatie beter gestructureerd. Belangrijke maatregelen die in dit verband genoemd kunnen worden zijn:

- De scheiding van de verantwoordelijkheden tussen de LC en de SC en de grotere functieverantwoordelijkheden van de laatstgenoemde;
- De aanpassing van de processen voor stages en het Business Link Programma (BLP);
- De introductie van de PRINS database;
- De verbetering van de PUM website (inclusief de mogelijkheid om het aanvraagformulier online in te vullen);
- De introductie van telewerken in 2003.

Vanwege de expansie van het programma gedurende de evaluatieperiode is er een druk op de managementstructuur ontstaan. Met name de taken en verantwoordelijkheden van de algemeen directeur zijn zeer uitgebreid en omvatten gedetailleerde managementtaken. Momenteel wordt onderzocht hoe de span of control teruggebracht kan worden en hoe het management bevrijdt kan worden van enkele van haar operationele taken.

Met betrekking tot de stafvrijwilligers is ons opgevallen dat de span of control groot kan zijn, hetgeen kan leiden tot onvoldoende gerichte aansturing van experts, project officers (Pro's) en LV's, zowel door de SC's als de LC's.

### Registratie en rapportering

De registratie en rapportage, op zowel het individuele project- als op het programmaniveau, zijn duidelijk verbeterd gedurende de evaluatieperiode. Geconcludeerd wordt dat de registratie en de rapportering op beide niveaus voldoende wordt gemonitord om de effectiviteit van het programma te kunnen waarborgen. De introductie van de PRINS database moet in termen van effectiviteit worden gezien als een aanzienlijke aanwinst voor het operationele management van PUM. De database ondersteunt de monitoring van de projectcyclus en maakt het voor de PUM functionarissen mogelijk om te zien welke acties moeten worden ondernomen. Daarnaast stelt de database de afdeling Anamon in staat om voortgangsrapportages op te stellen op zowel individueel projectniveau als op programmaniveau. Op basis van deze rapportages is het PUM management in staat om de projectstroom te controleren.

### Monitoring van de programma-effecten

De registratie en rapportage, op zowel het individuele project- als op het programmaniveau, zijn voldoende op orde om de effectiviteit van het programma te monitoren, tenminste in termen van naleving van de jaarlijkse overeenkomsten. Behalve de monitoring van kwantitatieve gegevens zoals het aantal aanvragen, projecten, landen en sectoren in kwestie en relevante betrokken personeelsleden, monitort de PRINS database ook de projectresultaten op basis van de informatie afkomstig van de verschillende formulieren die PUM gebruikt voor de projecten. De aldus verzamelde informatie stelt PUM in staat om het proces goed te monitoren en zonodig op tijd in te springen. Wanneer de doelstellingen niet worden gehaald, kunnen trends worden geanalyseerd en de oorzaken worden geïdentificeerd. Hiermee heeft PUM de monitoring op de programma-effecten aanzienlijk verbeterd en ook de effectiviteit van het programma verhoogd.

### Vervolgprojecten

Geconcludeerd wordt dat de realisatie en de uitvoering van het ingezette beleid ten aanzien van vervolgprojecten effectief is. Het beleid van PUM ten aanzien van vervolgprojecten bestaat uit het opbouwen van lange termijn relaties, het verbeteren van de kwaliteit van projecten en het verhogen van het potentieel aan businesslinks en stages. Het veldonderzoek heeft aangetoond dat de vervolgprojecten de kwaliteit van projecten kunnen verbeteren. Dit komt hoofdzakelijk doordat er gedurende een langere tijd wordt samengewerkt tussen de aanvragende organisatie en de PUM expert. Als een vervolgproject heeft plaatsgevonden, is het waarschijnlijker dat er businesslinks tussen de aanvrager en een Nederlands bedrijf zullen worden ontwikkeld. Of een vervolgproject voor een bedrijf nuttig is moet per geval beoordeeld worden, aangezien elke situatie uniek is. Dit is bevestigd in het veldonderzoek.

In de afgelopen jaren heeft PUM vervolgprojecten gestimuleerd. Hoewel tijdens de evaluatieperiode een duidelijke toename van het percentage vervolgprojecten te zien is, voor zowel DGIS als EZ, heeft PUM het door zichzelf gestelde doel voor zowel EZ als DGIS nog niet bereikt.

### Businesslinks en stages

De beoordeling van de effectiviteit van individuele businesslinks en stages was buiten de scope van deze evaluatie. De doelstellingen ten aanzien van businesslinks en stages zijn voor EZ vertaald in targets (in aantal personen dat deelneemt en in een verdeling in het soort cliënten (MKB, Enabling Environment organisaties, enz)). In de evaluatieperiode (2003-2005) zijn deze doelstellingen (welke tussentijds zijn verhoogd) eenvoudig behaald door PUM. Daarom zijn de producten stages en businesslinks effectief ten aanzien van de doelstellingen van EZ. Bij DGIS is geen vertaling gemaakt van de doelstellingen naar concrete targets. In de evaluatieperiode is een toename van het aantal stages en businesslinks tijdens de evaluatieperiode te zien (met een lichte daling in 2005). Omdat er

geen targets zijn gesteld is het niet mogelijk om te beoordelen of de producten voor DGIS effectief waren.

Net als businesslinks kunnen stages bijdragen aan de positionering van Nederlandse bedrijven in buitenlandse markten (EZ). Voor de doelstelling kennisoverdracht (DGIS) zijn stages meer zinvol. In de enquêtes kennen de experts een hoge waardering toe aan de producten businesslinks en stages, al heeft maar de helft van de geënquêteerde experts ervaring met een van de programma's.

## **Efficiency**

### Output financiering

PUM heeft zich in de evaluatieperiode gehouden aan de gemaakte afspraken ten aanzien van de output financiering. PUM heeft in grote mate voldaan aan de verplichtingen zoals deze in de overeenkomsten met DGIS als EZ zijn geformuleerd. De werkelijke kosten zijn lager uitgevallen dan de beschikbare budgetten. Verder zijn de kosten van het PUM programma gestegen in de evaluatieperiode. Deze verhoging wordt met name verklaard door het verhoogde aantal projecten.

### Kosten per project

De kosten per project hebben zich verschillend ontwikkeld voor DGIS en EZ. Tijdens de evaluatieperiode zijn de gemiddelde kosten per project voor DGIS gedaald met 7%. Verklaringen voor deze daling moeten worden gezocht in de ontwikkeling van vliegtarieven en de daling van de kosten voor daily allowances (dagelijkse vergoedingen) als gevolg van de kortere duur van DGIS projecten.

Voor EZ zijn de gemiddelde kosten per project gestegen met 10% tijdens de evaluatieperiode. De verklaringen voor deze toename zijn een daling van het aantal projecten (de vaste overheadkosten moeten gedragen worden door een kleiner aantal projecten) en een verhoging van de reiskosten (met name de kosten van vliegtickets) als gevolg van een veranderde landenportefeuille;

Wanneer het indirecte deel van de *kosten per project* (dit omvat zowel projecten als stages en businesslinks) in acht wordt genomen, verandert het beeld enigszins. In dit geval wordt een efficiency winst behaald voor zowel DGIS als EZ (respectievelijk 11% en 2%). Voor DGIS kan de grotere efficiencywinst per project worden verklaard door het feit dat het totale aantal projecten dat is uitgevoerd ook beduidend is gestegen, terwijl het totale aantal EZ projecten licht is gedaald.

De gemiddelde projectduur voor DGIS is afgenomen. Dientengevolge zijn de gemiddelde kosten per projectdag licht gestegen. Voor EZ is de gemiddelde projectduur constant gebleven. De gemiddelde duur per stage/businesslink is voor zowel DGIS als EZ teruggelopen. Hierdoor zijn de gemiddelde kosten per dag voor deze producten gedaald voor beide ministeries.

### Efficiency van de projecten

Gedurende de evaluatieperiode heeft PUM maatregelen getroffen om de efficiency per project te vergroten. De gebruikte automatiseringssystemen en procedures zijn in de jaren 2001-2005 wezenlijk verbeterd. Zij volstaan om de efficiency van de projecten te monitoren. De monitoring van de projectresultaten is gebaseerd op zowel de PRINS database als de verschillende formulieren die PUM gebruikt voor de projecten. In de loop van 2004 is het ontwerp van alle formulieren grondig aangepast. Van alle formulieren is zowel de lay-out verbeterd als het aantal onderwerpen/vragen uitgebreid.

De PRINS database bevat ook een aantal indicatoren die de efficiency van projecten monitoren. Deze indicatoren zijn niet allemaal gerelateerd aan individuele projecten. Het aantal projecten per PUM functionaris wordt beschouwd als een belangrijke indicator voor PUM, aangezien PUM sterk gefocust is op het bereiken van de outputdoelstellingen, welke in de jaarlijkse overeenkomsten worden geformuleerd.

#### Financiële verslaglegging

Het interne controlesysteem voldoet aan de eisen van EZ en DGIS. Op basis van de aangeleverde rapportages zijn de ministeries in staat om de activiteiten van PUM in voldoende mate te beïnvloeden. Bovendien is de kwaliteit van de rapportages gedurende de evaluatieperiode verbeterd.

#### Landenbeleid

Het landenbeleid van PUM moet gebaseerd zijn op de eisen van beide ministeries. Geconcludeerd wordt dat het gevoerde landenbeleid van PUM aansluit op de doelstellingen van EZ en DGIS. Voor de EZ landen wordt elk jaar een lijst van focuslanden opgesteld. In de overeenkomst met DGIS voor de periode 2004-2007 staat dat PUM voor 25% van het aantal projecten vrij is om te beslissen in welke landen deze worden uitgevoerd, zolang het maar landen van de DAC-1 landenlijst betreft. Deze groep projecten wordt door PUM gebruikt om geconcentreerde steun te geven aan bepaalde regio's. Een aspect dat bij DGIS landen aan de orde komt betreft de permanente monitoring van projectactiviteiten. Als een land gedurende een periode van drie jaar minder dan 10 projecten per jaar oplevert en hiervoor geen aanwijsbare oorzaken zijn, dan wordt dit land hoogstwaarschijnlijk van de lijst verwijderd. Deze monitoring wordt op structurele basis door PUM uitgevoerd. Op grond van het evaluatieonderzoek zijn op dit punt geen aanpassingen benodigd.

#### ***Businesslinks als een gevolg van PUM***

Dit deel van de evaluatie concentreert zich op businesslinks die tussen de PUM-aanvragers en Nederlandse bedrijven tot stand zijn gekomen.

#### Beleid van PUM ten aanzien van businesslinks

PUM heeft twee belangrijke producten in haar beleid om de ontwikkeling van businesslinks te stimuleren, namelijk het Business Link Programma (BLP) en het trainingprogramma. Het aantal businesslinks dat tot stand kwam door middel van deze producten is tijdens de evaluatieperiode toegenomen, voor zowel EZ als DGIS. Het beleid kan op dit punt dan ook effectief worden genoemd.

#### Businesslinks

Uit de evaluatie is gebleken dat bij een groot deel van de geholpen bedrijven businesslinks zijn ontwikkeld. Het aantal businesslinks dat door middel van het BLP of het trainingprogramma tot stand is gekomen tijdens de evaluatieperiode, is zowel voor EZ als DGIS gestegen. De door PUM zelf uitgevoerde evaluatie, evenals de enquêtes en het veldonderzoek, laten zien dat er vele extra contacten buiten PUM om, d.w.z. niet door middel van het BLP of het trainingprogramma, zijn ontstaan. Het grootste deel van deze contacten betreft import en export en de aankoop van (tweedehands) goederen. Het veldonderzoek bevestigt deze bevindingen. In sommige gevallen zijn de resultaten nog niet zichtbaar, aangezien het tijd kost om deze contacten te ontwikkelen.

#### Samenwerking met Nederlandse stakeholders

Het PUM management organiseert vergaderingen met sommige Nederlandse stakeholders (FMO, EVD, CBI en sommige Nederlandse ngo's). Een gesprek met een stakeholder (CBI) toont aan dat er duidelijk mogelijkheden zijn voor verdere samenwerking. Eén van de hindernissen bij het ontwikkelen van relaties met Nederlandse stakeholders is het verschil in focus. Er zijn ook mogelijkheden voor samenwerking met brancheorganisaties, maar of dit potentieel volledig wordt gebruikt hangt grotendeels af van de sectorcoördinator.

### Businesslinks in andere landen

Er is geen informatie beschikbaar met betrekking tot eventuele businesslinks tussen de aanvragende organisaties en andere Westerse landen. Tijdens het veldonderzoek is melding gemaakt van een aantal businesslinks tussen aanvragende bedrijven en bedrijven uit andere landen. Er lijkt weinig overlapping te zijn tussen PUM en andere soortgelijke programma's in Westerse landen (Frankrijk, Duitsland, de EU).

### ***Samenwerking en contacten met lokale organisaties***

De evaluatie had tevens ten doel om de samenwerking tussen PUM, Nederlandse organisaties die lokaal actief zijn en lokale organisaties in kaart te brengen. Geconstateerd is dat de contacten met Nederlandse organisaties in de PUM doellanden beperkt zijn, voornamelijk omdat de focus van deze organisaties verschilt van de focus van het PUM programma en de lokale vertegenwoordigers niet altijd op de hoogte zijn van de activiteiten van deze organisaties. Hoewel er regelmatige contacten met lokale BSO's (Business Support Organisations) zijn, is het resultaat en het nut van deze contacten enigszins teleurstellend. In sommige landen (India en Peru) zijn echter successen geconstateerd. Het succes van deze contacten hangt sterk af van de capaciteiten van deze BSO's en van de kwaliteit en het netwerk van de contacten van de lokale PUM organisatie.

### ***Andere mogelijkheden voor PUM***

De evaluator heeft het onderwerp "financiële problemen" opgenomen in de evaluatie, aangezien dit onderwerp door experts en andere PUM vertegenwoordigers als een van de voornaamste kwesties werd genoemd. Financiering is een van de kwesties die het meest door experts genoemd worden in relatie tot de voortzetting en uitbreiding van de zakelijke activiteiten van aanvragende organisaties. Deze kwestie hangt samen met de ontwikkeling en het succes van de aanvragende organisaties en hierdoor met de economische ontwikkeling van de betrokken landen. Het is echter moeilijk om de financieringsproblemen te kwantificeren en de echte behoeften te bepalen. Geconstateerd is dat PUM tot nu toe geen gebruik maakt van een standaardbenadering om financieringsissues van cliënten te identificeren en te behandelen. PUM moet sterkere banden ontwikkelen met potentiële financiers voor PUM aanvragers, maar PUM moet niet betrokken raken in financieringskwesties, noch moet het overwegen om een fonds binnen de eigen gelederen op te zetten.

## **4. Aanbevelingen**

In het evaluatierapport zijn diverse aanbevelingen gedaan om de kwaliteit van de PUM organisatie verder te verbeteren teneinde haar doelstellingen te bereiken. Hieronder zijn de belangrijkste aanbevelingen samengevat:

### **Indicatoren voor het meten van beleidsrelevantie**

Het wordt aanbevolen dat afspraken worden gemaakt tussen het management van PUM en de twee ministeries ten aanzien van de noodzaak en de methodiek om de beleidsdoelstellingen van het programma (gerelateerd aan armoedebestrijding en het creëren van gunstige voorwaarden voor internationale economische activiteiten van de Nederlandse private sector) te meten. Indien deze noodzaak wordt bevestigd, wordt aanbevolen om heldere en realistische indicatoren te definiëren die

praktisch toepasbaar zijn en kunnen worden opgenomen in de PRINS database voor rapportagedoeleinden.

### **Positie en beloning van de Lokale Vertegenwoordiger (LV)**

De LR dient meer te worden betrokken bij het definiëren en formuleren van de benodigde assistentie door de aanvragers, in het debriefing proces en zou toegang moeten hebben tot alle relevante informatie. Tevens wordt aanbevolen om het beloningsbeleid te herzien, door kwaliteitsaspecten daarin op te nemen en door rekening te houden met de kosten van levensonderhoud in de PUM landen.

### **Rekrutering en selectie van (staf)vrijwilligers**

Het wordt aanbevolen om - als een standaardprocedure - alle kandidaat experts te laten interviewen door de SC, teneinde de expertise, de vaardigheden en de geschiktheid van de kandidaten te kunnen beoordelen (incl. rapportagevaardigheden). Het selectieproces van experts moet verder worden verbeterd en geprofessionaliseerd door de introductie van een beter CV-format, het up-to-date houden van de CV database en een betere controle en gebruik van het CV-bestand.

Het selectieproces van de stafvrijwilligers (sectorcoördinator en landencoördinator) moet transparanter zijn, waarbij ook de leidinggevende kwalificaties moeten worden beoordeeld.

### **Debriefing**

Het debriefingproces (na afloop van de projectuitvoering door de expert) moet worden verbeterd door de sectorcoördinator erin te betrekken, met name in het geval van vervolgprojecten.

### **Management structuur**

Aanbevolen wordt dat de algemeen directeur zich meer concentreert op zijn management taken en bepaalde taken (briefing en debriefing van LC's) delegeert aan anderen. In dit verband wordt voorgesteld de management structuur te versterken, door het creëren van een nieuwe functie (Area Coördinator).

Voorts wordt geadviseerd om het aantal experts per SC terug te brengen tot een acceptabele grootte (bijvoorbeeld door het vergroten van het aantal sectoren).

### **Kwaliteit van de PRINS database**

De PRINS database kan op een aantal punten worden verbeterd (compleetheid, nauwkeurigheid en werkbaarheid). PUM kan de kwaliteit van de inputs van de PRINS database verbeteren door erop toe te zien dat in de formulieren alle vragen worden beantwoord en dat er een duidelijk begrip is onder de experts en stafvrijwilligers inzake de in de formulieren gebruikte kwalificaties (uitstekend, goed, etc.) om de opinies weer te geven.

### **Vervolgprojecten**

PUM dient kritisch te blijven bij het beoordelen van de noodzaak van vervolgprojecten en rekening te houden met de benodigde expertise. Tevens zouden kwantitatieve targets op dit gebied moeten worden heroverwogen en zou tevens rekening moeten worden gehouden met kwalitatieve aspecten.

### **Budgettaire vereisten**

Thans zijn de uitgaven van de PUM organisatie sterk gebonden aan de overheidregels op dit gebied. PUM ontvangt alleen het volledige bedrag dat beschikbaar is in een jaar indien het een projectomzet realiseert van tenminste 90% van het budget. Indien PUM een projectomzet groter dan 110% van het budget realiseert, dan worden de additioneel gemaakte kosten niet vergoed. Aanbe-

volen wordt dat de ministeries een grotere flexibiliteit betrachten indien sprake is van een overschrijding of overschrijding van de beschikbare budgetten.

### **Businesslinks**

PUM kan een aantal maatregelen treffen om businesslinks te stimuleren. PUM zou de bekendheid van haar activiteiten kunnen vergroten onder bedrijven in Nederland. Dit kan tevens nuttig zijn voor de rekrutering van toekomstige vrijwilligers. Verder zou PUM een meer efficiënte organisatie kunnen creëren voor het arrangeren van businesslinks, door ondersteuning te bieden aan de expert (bijv. door het regelen van hotelaccommodatie en transport),

### **Samenwerking met lokale organisaties**

De samenwerking met (Nederlandse) lokale organisaties (BSO's) moet worden versterkt door ervoor te zorgen dat lokale vertegenwoordigers een voldoende groot netwerk binnen deze organisaties opbouwen, door de Ambassades meer te betrekken bij de PUM projecten en door de samenwerking met het CBI te verbeteren.

### **Financieringskwesties**

Met betrekking tot de financiering van de activiteiten van aanvragers, moeten de behoeften onderzocht worden en de problemen gekwantificeerd worden. Experts op het gebied van banking en finance zouden meer moeten worden betrokken in het ondersteunen van PUM klanten bij het ontwikkelen van een levensvatbaar businessplan en door hen te helpen bij de aanvraag van vreemd of eigen vermogen bij financiële intermediars. PUM zou ook meer moeten worden ingeschakeld bij het identificeren van potentiële lokale financieringsbronnen, ontwikkelingsbanken, partners van FMO en Nederlandse subsidieverstrekkers zoals de EVD. De oprichting van een separaat fonds - zoals gesuggereerd door enkele PUM managers en stafvrijwilligers - voor het financieren van PUM activiteiten zou alleen moeten worden overwogen als uit onderzoek blijkt dat hieraan voldoende behoefte bestaat.

## Executive summary

### 1. Introduction

Under the authority of the Ministry of Foreign Affairs, Directorate General for International Co-operation (DGIS) and the Ministry of Economic Affairs (EZ), NIBConsult has carried out an evaluation of the Netherlands Management Co-operation Programme, in Dutch referred to as “Stichting PUM”, or PUM in short. The evaluation took place from July 2006 until December 2006 and covers the period 2001-2005.

PUM's goal is to stimulate economic development and thereby contribute to poverty reduction in developing countries. PUM focuses primarily on assisting individual private small and medium sized enterprises (SME). Furthermore, PUM assists public and private organisations that contribute to the development of the economy (i.e. enabling environment organisations).

PUM combines the objectives of its main sponsors: DGIS and EZ. The DGIS policy focuses on the development of the private sector in underdeveloped countries in order to contribute to poverty reduction. The policy of EZ focuses also on development of the private sector, but additionally its policy is focused on co-operation between enterprises in foreign countries and in the Netherlands.

### 2. Objectives and Approach to the evaluation

The objectives and scope of the evaluation are defined in the Terms of Reference (ToR) of June 2006. The evaluation should:

- a) give accountability about the PUM-programme for the period 2001-2005, and
- b) provide insight in possible improvements for EZ, DGIS and the PUM foundation with regard to the policy relevance, the effectiveness and the efficiency of the programme.

The ToR specified 23 operational questions that needed to be answered relating to policy relevance, effectiveness, efficiency, business contacts, co-operation with local organisations and some general questions. The evaluators added two questions related to financing issues encountered by PUM.

For the evaluation the following methods of information collection were used:

- Desk research

The desk research is used to get a good overview of the PUM organisation and its developments during the evaluation period 2001-2005. In order to do this, a large number of reports were analysed. Important sources of information included annual reports, annual agreements between PUM and DGIS and EZ, annual budgets, meeting reports and various internal studies carried out by PUM. In addition, data of the projects stored in the database of PUM (the so-called PRINS database) were analysed.

- Interviews in The Netherlands

Interviews were held among a large number of PUM staff members and other stakeholders. In summary the following persons were interviewed:

- PUM-board (chairman)



- Management team (4 persons, incl. General Director and Financial/Operational Director)
  - PUM staff (3 Project Officers, 10 Sector Coordinators and 9 Country Coordinators)
  - PUM experts (24 persons)
  - Policy Officers of DGIS (3 persons) and EZ (2 persons)
  - Other organisations (CBI, Triple Jump, Oiko Credit, FMO)
- Questionnaires  
Questionnaires were distributed among four groups of stakeholders: 300 experts, 39 country coordinators, 44 sector coordinators and 100 local representatives. Approximately 70% of these were returned.
  - Field research  
For the field research six countries were visited: *Bulgaria and the Russian Federation (EZ focus countries) and India, Peru, Kenya and Uganda (DGIS countries)*. These countries benefited from almost 1,000 projects during the period 2001-2005 (around 12.5 % of total projects performed). Per country on average 10 SME-companies/enabling environment institutions were visited. Furthermore, representatives of the Dutch Embassy, local Chambers of Commerce and other local organisations were interviewed. Besides, 11 Local Representatives of PUM were interviewed during field research.

This report is primarily based on desk research, interviews and questionnaires; the field research was limited and was meant to illustrate and verify the findings and results of the desk study.

### 3. Findings and conclusions

#### **Background PUM**

The activities of PUM have significantly increased during the evaluation period, as witnessed by the growth in both the number of employees (from 80 in 2001 to 165 in 2005) and the number of projects (from 1,600 in 2001 to 1,800 in 2005). During the evaluation period PUM has increased its focus on both SME companies and follow-up projects. In addition, the organisation has experienced significant operational developments, of which the introduction of the PRINS database is perhaps the most important. The PRINS database contains information on all applicant companies and projects. In addition, all data are stored that are derived from the forms that are used by PUM for the project: the evaluation form (filled out by the applicant after a project is carried out), the debriefing form (filled out by the expert after a project is carried out) and the survey form (filled out by means of a random survey by the Country Coordinator, half a year after a project is carried out by the expert). The forms are processed in the database and the data are used for internal and external reporting and for monitoring the quality and progress of PUM projects.

In the previous evaluation a number of recommendations was formulated. These recommendations were all related to a further professionalisation of the organisation. In the evaluation it was examined to what extent these recommendations were followed up by PUM. Many of the proposed changes were already set in motion at the time the recommendations were made. From the eleven recommendations only one has not been implemented. This concerned the recommendation with respect to "the reach and coverage of the programme". It was recommended by the previous evaluator not to be active in countries where the "government openly does not support the private sector". PUM management did not agree with this recommendation as they feel that by supporting the private sec-

tor in these countries one could influence government policy in a positive manner. From the remaining ten recommendations five recommendations have been fully implemented while another five have been partly implemented. PUM did not fully implemented the recommendations regarding the target group and selection criteria, the approach to follow-up projects, the role of the Local Representative, the selection process of staff volunteers and regarding the quality of the administration on the projects undertaken.

### **Policy relevance**

The evaluation showed that the PUM projects generally fit the objectives of both ministries and the needs and priorities of the applicants. Although it is difficult to measure the real effects of PUM support in terms of poverty reduction, the results from the PRINS database, questionnaires and field research show that there are strong indications that PUM support has positive effects on the local economy in creating employment and economic growth of companies and, hence, fit into the objective of DGIS to stimulate the private sector in developing countries in the framework of poverty reduction. For EZ countries the project results comply with the objective to create favourable conditions for international economic activities of the Dutch private sector. The field research in Bulgaria and Russia confirms a substantial number of established business contacts.

The question to what degree the project results contribute to the objective of the programme proved to be difficult to answer. Neither EZ nor DGIS has formulated reporting requirements with respect to the objectives of PUM. Besides, the nature of these objectives make it very difficult to measure the results on these objectives in a direct way. As a result, PUM has not developed indicators to measure the long-term objective of the programme (poverty reduction) and, hence, does not gather information on these objectives in the PRINS database. Moreover, the scope of the field research was too limited to arrive at findings that can be related directly to these specific objectives.

In order to give at least some impressions of the contribution of the PUM projects to the objectives of the programme, it was decided to report on the effects of the PUM advice on different aspects stored in the PRINS database, which can be related to the overall objective mentioned in the annual report of PUM: *“the contribution to the growth of a viable SME sector.”* Moreover, within the scope of the field research it was possible to evaluate the results of the PUM advice on the same aspects and to compare these with the results stored in the PRINS database.

In this respect, the overall impression of the evaluator on the projects visited in DGIS countries is quite positive, particularly in India. In Uganda, the overall impression is more diverse. In general the field research in DGIS countries confirms the results stored in the PRINS database. The overall impression of the evaluator on the projects visited in EZ countries is positive, particularly in Russia.

Table 1 summarizes for each ministry the results for the aspects that were included both in the field research and in the PRINS database.

Table 1 Project results field research compared to information stored in the PRINS database

		Excellent	Good	Sufficient	Poor	n.a.
Quality current products						
	PUM-forms	28 %	58 %	7 %	0 %	8 %
	Field	11 %	50 %	11 %	3 %	26 %
Quality new products						
	PUM-forms	30 %	51 %	12 %	0 %	7 %
	Field	12 %	51 %	2 %	2 %	34 %
Efficiency						
	PUM-forms	27 %	52%	11%	2%	9%
	Field	12%	53%	17%	0%	18%
Company turnover						
	PUM-forms	24%	44%	8%	2%	23%
	Field	9%	41%	8%	2%	41%
Labour conditions						
	PUM-forms	17%	39%	10%	2%	32%
	Field	2%	27%	17%	0%	55%
Results in relation to costs						
	PUM-forms	65%	33%	2%	0%	0%
	Field	29%	58%	11%	2%	0%

Sources: Field research, PRINS database

The results show no big differences. The evaluator was less generous with the qualification “excellent” compared to the PRINS database. In addition, the evaluator was more frequent of the opinion that an aspect was “not applicable”.

## ***Effectiveness***

### Local Representative (LR)

The functioning of the LR has improved during the evaluation period, in particular related to the acquisition activities. During the evaluation period PUM has increased the job responsibilities of the LR's, tried to improve the performance standard of the LR's and tried to increase the influence on their functioning. Measures taken include the provision of frequent and elaborate instructions on the required working method, the replacement of less performing LR's and by establishing a better country or regional spread, in which the presence of LR's better represent the degree of activities. Nevertheless, there is still room for further improvements.

### Staff volunteers

The performance of the PUM volunteer organisation as a whole was found professional and effective and in many aspects (structure, commitment of employees, etc.) does not differ from other non volunteer organisations. Although experts and staff volunteers do not always meet the expectations and occasionally demonstrate a somewhat non-committal attitude, one could say that the overall commitment of the volunteers is excellent. Both Sector Coordinators (SC's) and Country Coordinators (CC's) performed their tasks in a professional and effective manner and were able to spend the time which is required for the function. In some cases we noticed that the expansion of the programme puts some pressure on the organisation. Furthermore we noticed that the reporting requirements were not always fully met and were not properly monitored. Finally we found that the effectiveness of the debriefing by the expert with the CC is questioned in a number of cases and it is not clear why the SC is not involved in the debriefing.

#### Recruitment and selection of (staff) volunteers

During our research it was found that the CV database is not up-to-date and contains CV's with insufficient information. The selection process of staff volunteers is not transparent and creates irritation among some experts. Although experience as an expert, managerial skills as well as international and country specific experience are taken into account, the criteria are not sufficiently clear. Furthermore we found that the pool of experts where SC's are responsible for, is in a number of cases too large and many experts have never met the SC of their sector.

#### Effectiveness of the organisation

During the evaluation period PUM has taken several measures to improve the effectiveness of the organisation. Information is much more accessible and the organisation is better structured. Important measures taken in this respect are:

- The separation of the responsibilities between the CC and SC and the larger job responsibilities of the latter;
- The matching of the processes of the training and Business Link Programme (BLP);
- The introduction of the PRINS database;
- The improvement of the PUM Website (including the possibility to fill out the application form online);
- The introduction of Tele-working in 2003.

Considering the expansion of the programme during the evaluation period, the management structure of PUM needs to be reviewed. In particular the tasks and responsibilities of the General Director are very extensive and include very detailed management tasks. At present the management structure is under consideration in order to relief the General Director from some of his tasks.

With respect to the staff volunteers we noticed that the span of control can be wide and may lead to inadequate guidance of experts, Project Officers (PrOf's) and LR's by both the SC and the CC.

#### Registration and reporting

The registration and reporting, both on individual and programme level, has improved considerably throughout the evaluation period. The introduction of the PRINS database is a substantial improvement to the PUM operational management in terms of effectiveness. The database supports the monitoring of the project cycle and enables PUM officers to see what actions need to be taken. At the same time the database enables the Anamon department to produce progress reports on both project and programme level, which enables the PUM management to control the project flow.

#### Monitoring of the effects of the programme

The registration and reporting, both on individual and programme level, is sufficiently managed to monitor the programme's effectiveness, at least in terms of compliance with the annual agreements. Besides monitoring quantitative data such as the number of applications, projects, countries and sectors involved, as well as relevant staff members involved, the PRINS database also keeps track of the results of the projects through different forms. The information gathered enables PUM to monitor the process closely and to act immediately when necessary. If targets are not met, trends can be analysed and causes can be identified.

#### Follow-up projects

The implementation and the execution of the implemented policy for follow-up projects is effective. The policy of PUM concerning follow-up projects consists of building long term relations, improving the quality of projects and increasing the potential for business links and trainings. The field research showed that follow-up projects can improve the quality of projects, mainly as a result of a

longer relationship between the applicant and the expert. If a follow-up has taken place, it is more likely that business contacts will be developed between the applicant and a Dutch company. Whether a follow-up project is useful for a particular company has to be decided case-by-case, since every situation is different, as was shown in the field research.

PUM has been stimulating follow-up projects for the past few years. Although a clear increase in the percentage of follow-up projects is shown throughout the evaluation period for both DGIS and EZ, PUM has not reached its target (set by itself) for both EZ and DGIS yet.

#### Business links and trainings

The assessment of the effectiveness of individual business links and trainings was beyond the scope of this evaluation. The objectives for EZ are translated into targets (in numbers of persons). PUM has reached these targets (which have been increased annually) easily during the applicable period (2003-2005). DGIS has not translated the objectives in targets. There has been an increase in the number of business links and trainings during the evaluation period (with a slight decrease in 2005), but since no targets were stated no comments can be made if the products were effective for DGIS. Trainings can serve the same purpose as business links for the positioning of Dutch companies in foreign markets (EZ). For the purpose of knowledge transfer (DGIS) trainings could be more useful. In the questionnaires both business links and trainings are rated very well, though only half of the experts have experience with either one of the programmes.

### ***Efficiency***

#### Output finance

PUM has realised the agreements under the terms of output financing in the evaluation period. To a large extent PUM has fulfilled its obligations that are mentioned in the agreements which have been made with both DGIS and EZ. The actual cost realisation was lower than the available budgets. Another observation is that the costs of the PUM programme have increased during the evaluation period. This increase is mainly explained by the increased number of projects.

#### Costs per project

The costs per project have developed differently for DGIS and EZ. For DGIS, the average costs per project have decreased with 7% during the evaluation period. Explanations for this decrease must be found in the developments of airfares and the decrease in costs for daily allowances as a result of the reduced duration of DGIS projects. For EZ, the average costs per project have increased with 10% during the evaluation period. Explanations for this increase are a decrease in the number of projects (the fixed overhead costs have to be beared by a smaller number of projects) and an increase in travel costs (airfares) as a result of a changed country portfolio.

However, when the indirect costs are taken into account in the *costs per product* (this includes both projects and trainings/BLP's), a different picture appears. In this case, an efficiency gain is obtained for DGIS and to lesser extent for EZ (respectively 11% and 2%). The higher efficiency gain for DGIS per project can be explained by the fact that the total number of projects that is carried out for DGIS has also significantly increased, while the total number of EZ projects has slightly decreased.

Finally, it is observed that the average project duration has decreased for DGIS. As a result, the average costs per project day have slightly increased. For EZ, the average project duration has remained constant. With regard to the average training/BLP, it is observed that the duration has decreased for both DGIS and EZ. As a result, the average costs per training/BLP day have decreased.

### Efficiency of the projects

Throughout the evaluation period, PUM has taken measures to increase the efficiency of the project. The applied automation systems and procedures have been improved substantially in the years 2001-2005. They are sufficient to monitor the efficiency of the projects. The monitoring of the project performances is arranged by both the PRINS database and the different forms used by PUM for the projects. The design of these forms has been thoroughly adjusted in the course of 2004. For all forms the layout has improved and the number of topics/questions has been expanded.

The PRINS database also registers a number of indicators that monitor the project efficiency. These indicators are not all related to individual projects. The number of projects per officer is considered an important indicator to PUM, as PUM is highly orientated on achieving the output goals, which are formulated in the annual agreements.

### Financial reporting

The internal monitoring system complies with the terms of EZ and DGIS. It is observed that the ministries can sufficiently influence PUM's activities. In addition, the quality of the reports has increased during the evaluation period.

### Country policy

The country policy of PUM is based on the requirements of the ministries. The present country policy of PUM meets the objectives of EZ and DGIS. For the EZ-countries, every year a list of focus countries is decided. According to the agreement with DGIS for 2004-2007 PUM is free to decide in which countries 25% of projects will be executed as long as it concerns countries of part I of the DAC-list. For these projects PUM focuses on helping particular regions. Constant evaluation is part of the annual evaluation of the DGIS-country list. If a country generates less than 10 projects per year for a period of 3 years and no special circumstances have taken place, the country is likely to be removed from the list. This evaluation is done on a structural basis by PUM. Based on the findings no adjustments seem to be desirable.

## ***Business contacts as a result of PUM***

This part of the evaluation focused on business contacts established between PUM applicants and Dutch companies.

### Policy of PUM for business contacts

PUM has two main products in its policy to stimulate the development of business contacts, namely the Business Link Programme (BLP) and the training programme. The number of developed business contacts as a result of the BLP and the training programme increased during the evaluation period, for both EZ and DGIS. Since the number of developed business contacts increased as a result of the products in the PUM policy, the policy can be considered effective.

### Business contacts

The evaluation shows that a large part of the assisted companies has developed business contacts. The number of business contacts developed by means of the BLP or the training programme has increased during the evaluation period, both for EZ and DGIS. The evaluation by PUM itself, as well as the questionnaires and field research, show that many additional contacts have been established outside of PUM, i.e. not through the BLP or training programme. Most of these contacts concern import and export and the purchase of (second hand) goods. The field research confirmed this. Some results are not visible yet, since it takes time to develop the contacts.

#### Co-operation with Dutch stakeholders

The management of PUM has sometimes meetings with some Dutch stakeholders (FMO, EVD, CBI and some Dutch NGO's). An interview with one stakeholder (CBI) made it clear that there is potential for further co-operation. One of the obstacles in developing relations with Dutch stakeholders is the difference in focus. There is also potential for co-operation with branch organisations, but whether this potential is fully used depends largely on the Sector Coordinator.

#### Business contacts in other countries

There is no formal information about business contacts developed by applicants with other Western countries. During the field research a number of business contacts was mentioned with companies in other countries. There seems to be little overlap between PUM and other similar programmes in Western countries (France, Germany, EU).

#### ***Co-operation and contacts with local organisations***

Part of the study was to define the co-operation between PUM, Dutch organisations that are locally represented, and local organisations. It was found that the contacts with Dutch organisations in the PUM target countries are rather limited, mainly because the focus of the organisations is different from the focus of the PUM programme and PUM representatives are not always familiar with the activities of these organisations. The outcome and usefulness of these contacts are somewhat disappointing, although in some countries (India and Peru) successes are reported. The success of these contacts very much depends on the capabilities of these BSO's and the quality and network of the contacts of the PUM organisation locally.

#### ***Other possibilities for PUM***

The evaluator included the subject "financing problems" in the evaluation as this subject seemed to be one of the important issues raised by experts and other PUM representatives. Financing is one of the frequently mentioned issues encountered by experts to continue or expand the business of PUM clients. This issue is connected to the development and successfulness of PUM clients and thereby the economic development of the countries concerned. However, it is difficult to quantify the financing problems and to determine the real needs. Up to now PUM does not follow a standard approach to identify and handle financing issues with clients. PUM should develop stronger ties with potential financiers for the PUM applicants, but PUM should not be involved in financing issues nor consider to set up a fund under its premises.

## **4. Recommendations**

In the evaluation report several recommendations have been made to further improve the quality of the PUM organisation in achieving its objectives. Below we summarise the main recommendations:

#### **Indicators for measuring policy relevance**

It is recommended that an agreement is reached between the management of PUM and the two ministries on the need and methods to measure the policy objectives of the programme (relating to

poverty reduction and creating favourable conditions for international activities of the Dutch private sector). In case this need is confirmed, the evaluator recommends to define clear and realistic indicators that can be used and incorporated in the database of PUM for reporting purposes.

### **Position and allowance of Local Representative (LR)**

The LR should be more involved in defining and formulating the assistance requested by the applicants, in the debriefing process and should be allowed access to all relevant information. Moreover, it is recommended to reconsider the allowance policy for LR's by introducing quality aspects and taking into account the cost of living in the PUM countries.

### **Recruitment and selection of (staff) volunteers**

It is recommended that - as a standard procedure - all candidate experts are interviewed by the SC to make sure that candidates have the right attitude and expertise (including reporting skills).

The selection of experts should be improved and professionalized by a better intake, improvement of the content of the CV's and a better use, monitoring and updating of the population of CV's. The selection process for staff volunteers (CC's and SC's) should be more transparent and focus more on managerial skills.

### **Debriefing**

With respect to the debriefing (at the end of a project) it is strongly recommended to involve the SC, in particular when follow-up projects are considered.

### **Management structure**

It is recommended that the General Director focuses more on his managerial tasks and delegates some tasks (briefing and debriefing meetings with CC's) to others. For this it is suggested to strengthen the management structure by creating a new function (area coordinator).

With respect to the SC we recommend that the number of experts covered by the SC will be reduced to a manageable size (i.e. by increasing the number of sectors).

### **The quality of the PRINS database**

The PRINS database can be improved in some aspects (completeness, accurateness and workability). PUM can improve the quality of the inputs of the PRINS database by monitoring that in the forms all questions are answered and that there is a clear understanding among experts and staff volunteers on the qualifications used in the forms (excellent, good, etc.) to express opinions.

### **Follow-up projects**

PUM should continue to be critical on the need for follow-up projects and take into account the expertise which is requested. Moreover setting specific quantitative targets should be reconsidered and should also take into account qualitative aspects.

### **Budget constraints**

At present the expenditures of the PUM organisation very much rely on government regulations. PUM only receives the full sum that is available for a year, when it realises a project turnover that is at least 90% of the budget. When PUM realises a project turnover larger than 110% of the budget, the additional costs are not refunded. We recommend that some more flexibility by the ministries will be considered in case of underperforming or exceeding the available budgets.



**Business contacts**

It is recommended that PUM takes some measures to stimulate business contacts. PUM should increase awareness about its activities among companies in the Netherlands. This could also be useful for the recruitment of future volunteers. Furthermore PUM should create a more efficient organisation for arranging business contacts, by offering support to the assisting expert (i.e. by arranging accommodation and transport).

**Co-operation with local organisations**

PUM should strengthen the co-operation with local business support organisations (BSO's) and local representations of Dutch organisations by making sure that the LR's have a sufficient network among these organisations, by involving the Embassies more in the PUM projects and by strengthening the co-operation with CBI in the scope of BSO's.

**Financing issues among applicants**

It is recommended to investigate the need and quantify the problems with respect to financing problems among PUM clients. Experts in banking and finance should be more involved in assisting PUM clients to present a viable business plan and to assist them in applying for loans or equity with financial intermediaries. Also PUM should be more involved in identifying possible financing possibilities locally as well as with development banks, partners of FMO and with Dutch subsidy intermediaries such as EVD. The establishment of a separate fund – as suggested by some of the PUM managers and volunteers – for financing PUM activities should only be considered after a proper investigation in that respect.

# 1 Introduction

In July 2006, under the authority of the Ministry of Foreign Affairs, Directorate General for International Co-operation (DGIS) and the Ministry of Economic Affairs (EZ), NIBConsult was granted the assignment to evaluate the Netherlands Management Co-operation Programme, in Dutch referred to as “Stichting PUM”, or PUM in short. The assignment was granted after competitive tender.<sup>1</sup>

PUM's goal is to stimulate economic development and thereby contribute to poverty reduction in developing countries. PUM focuses primarily on assisting individual private small and medium sized enterprises (SME's). Furthermore, PUM assists public and private organisations that contribute to the development of the economy (i.e. enabling environment organisations).

PUM combines the objectives of its main sponsors: DGIS and EZ. The DGIS policy focuses on the development of the private sector in underdeveloped countries in order to contribute to poverty reduction. The policy of EZ focuses also on development of the private sector, but additionally its policy is focused on cooperation between enterprises in foreign countries and in the Netherlands.

PUM is managed by the PUM foundation, consisting of a board which acts as a of Board of Directors and the management of PUM, being the General Director (CEO) and the Financial/Operational Director (CFO). An earlier evaluation was carried out by NEI (Ecorys) in 2001, covering the activities of PUM in both the EZ and DGIS countries. The EZ countries are situated in a number of neighbouring countries of the European Union and the DGIS countries are situated in developing countries. The present evaluation covers the same countries and covers the period 2001 – 2005.

This evaluation was based on the Terms of Reference (ToR), attached to the request for registration dated June 8<sup>th</sup> 2006.<sup>2</sup> The objectives of the evaluation were:

- a) To give accountability about the PUM-programme for the period 2001-2005 and;
- b) To obtain insight in possible improvements for EZ, DGIS and the PUM foundation with regard to the policy relevance, the effectiveness and the efficiency of the programme.

The evaluation was carried out by a team of researchers of NIBConsult B.V. from July 2006 until December 2006. From the side of the clients (EZ and DGIS) the evaluation was supervised by a Steering Committee with representatives from both Ministries, PUM, FMO and headed by an independent Chairman.

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<sup>1</sup> Plan van Aanpak Evaluatie PUM-programma 2001-2005, NIBConsult, 25 juni 2006.

<sup>2</sup> Terms of Reference Evaluatie Programma Uitzending Managers (PUM) 2001-2005.

The contents and structure of this report are based on the questions stated in the Terms of Reference. The next chapter presents the operational questions that need to be answered under the terms of the evaluation as well as the methods used to collect the information, which was done by desk research, interviews, questionnaires and field research. Chapter 3 gives background information about PUM and evaluates to what extent the recommendations of the previous evaluation have been followed up. The policy relevance of the PUM programme is discussed in chapter 4, followed by an elaboration on the effectiveness of the programme in chapter 5. The questions on efficiency of the programme are answered in chapter 6. The specific additional questions (including two questions which were added by NIBConsult) are discussed in chapters 7 through 9. Finally, chapter 10 presents the conclusions and recommendations.

The approach of this report differs from the previous evaluation. This report is primarily based on desk research and interviews; the field research was limited and was meant to illustrate and verify the findings and results of the desk research.

The researchers are very grateful for the support and cooperation which was provided by the members of the Steering Committee and the people interviewed. In that respect we like to thank all members of the Steering Committee, the people interviewed of the Ministries, the local companies and other organisations and in particular the management, permanent staff, staff volunteers, local representatives and the experts of PUM. Throughout the evaluation period the staff volunteers and experts we approached for interviews and questionnaires showed enthusiasm, motivation and commitment to PUM, which was underscored by their full cooperation to the evaluation.

## 2 Approach to the evaluation

This chapter covers a brief description of the objective of the evaluation and the methods used.

### 2.1 Scope of the evaluation

The scope of the evaluation is stated in the Terms of Reference (ToR) of June 2006 (see Annex 2.1). According to the ToR the objective of the evaluation was a) to give accountability about the PUM programme for the period 2001-2005, and b) to obtain insight in possible improvements for EZ, DGIS and the PUM foundation with regard to the policy relevance, the effectiveness and the efficiency of the programme. In section 2.2 these evaluation criteria will be further specified.

The scope of the evaluation covers all EZ and DGIS projects performed by PUM, except for projects implemented in China. Just like PUM does in its annual reports to DGIS, the latter projects are left out of this evaluation. They are supported by a different sponsor of DGIS, i.e. CAIEP and the nature of the financing and the conditions of the projects performed in China are quite different.<sup>3</sup>

Emphasis in this evaluation is placed on projects sponsored by EZ and DGIS, the main sponsors of PUM. PUM has also other sponsors (e.g. LNV, VROM and VNO-NCW); those will be referred to as “other” in this evaluation. The evaluation concerns the period 2001-2005.

In this chapter the methodology followed will be explained. This involves a definition of the concepts, a description of the methods followed to collect information and the representativeness of the different samples.

### 2.2 Concepts, criteria and operational questions

The ToR specifies 23 operational questions that need to be answered under the terms of the evaluation. Moreover, we have added two operational questions. In this section the definitions and the operational questions will be presented. In chapters 3 through 9, the approach to the operational questions will be further explained. This approach is summarised in the evaluation matrix (see Annex 2.2).

#### General

1. Which activities has PUM carried out during the evaluation?
2. To what extent have the recommendations of the previous evaluation been followed up?

In addition, the ToR mentions the following criteria for the evaluation: policy relevance, effectiveness and efficiency. The ToR specifies these criteria as follows.

#### Policy relevance

Policy relevance is defined as the extent to which PUM projects fit the policy objectives of EZ, DGIS and PUM as well as the priorities and needs of the target group/clients.

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<sup>3</sup> Source: email Erlijn Logtenberg (PUM), 14 August 2006.

The ToR further specifies *policy relevance* with the following operational questions:

3. To what extent do the PUM projects fit:
  - a) the objective of the Department of International Cooperation to stimulate the private sector in developing countries in the framework of poverty reduction?
  - b) the objective of the Ministry of Economic Affairs to create favourable conditions for international economic activities of the Dutch private sector ?
  - c) the needs and priorities of the applicants?
4. To what degree did the project results contribute to the objectives of the programme?

#### Effectiveness

Effectiveness is defined as the extent to which the direct results (output) contribute to the objectives of the programme and the extent to which the organisation and the mode of operation of PUM (policy process and business processes) serve the realisation of the objectives of the programme.

The ToR further specifies *effectiveness* with the following operational questions:

5. To what extent was the identification and selection of projects, the support and aftercare by the Local Representative useful (handling activities from application up to the completion of the project)?
6. To what extent is the employment of the middle management of Sector- and Country Coordinators, which fully consists of volunteers, effective? (quality of volunteers and personnel)
7. What measures has PUM taken to increase the effectiveness of the organisation and with what results?
8. To what extent is the registration and reporting, both on individual and programme level, sufficiently managed to monitor the programme's effectiveness?
9. To what extent has the monitoring of the effects of the programme contributed to the effectiveness of the programme?
10. To what extent is the implementation and the execution of the implemented policy for follow-up projects effective?
11. To what extent are the products "training and business links" effective in relation to the objectives of both Ministries?

#### Efficiency

Efficiency is defined as the relation between costs and quality of measures used and the direct results (output).<sup>4</sup> PUM has operated during the evaluation period under a contract with both DGIS and EZ, for which agreements were made with regard to output financing, distribution of fixed and variable costs and the related reporting. In this evaluation we will address whether these agreements have been met or not.

The ToR further specifies *efficiency* with the following operational questions:

12. To what extent has PUM realised the agreements under the terms of output financing during the evaluation period?
13. How did the costs per project develop in relation to the achieved results during the evaluation period?
14. Assess the extent to which the applied (automation) systems and procedures are sufficient to monitor the efficiency of the project.
15. Does the internal monitoring system comply with the financial reporting terms of EZ and DGIS?

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<sup>4</sup> Source: Terms of Reference.

16. To what extent does the present country policy of PUM meet the objectives of EZ and DGIS and to what extent are adjustments desirable?

Besides the evaluation of the PUM programme on the above mentioned aspects, PUM and the ministries are interested in addressing a particular theme.

For the Ministry of Economic Affairs the subject "business contacts between PUM applicants and Dutch companies" is of particular interest.

The ToR specifies *business contacts as a result of PUM* with the following operational questions:

17. According to the PUM organisation a large part of the applicants has developed business contacts with Dutch companies, as a result of PUM advice. Is this correct? And if so, what are the results of these contacts?
18. To what extent has PUM co-operated with Dutch stakeholders?
19. To what extent is the PUM policy to develop business contacts between applicants and Dutch companies effective?
20. What could PUM do more to stimulate business contacts?
21. To what extent are these business contacts also established in other countries, or could be established?

For the Ministry of Foreign Affairs the contacts between PUM and local organisations are of particular importance. The ToR specifies *co-operation and contacts with local organisations* with the following operational questions:

22. To what extent is PUM cooperating in the countries concerned with Dutch organisations and local business support organisations and what is the content of this cooperation?
23. What are the results of this cooperation?

Finally, in addition to the ToR, the evaluator has added the following operational questions:

24. Are there ways to improve the performance of PUM in terms of cooperation with other Dutch governmental organisations and financial institutions providing financial support to SME's in the target countries?
25. In what way can PUM improve its contribution to the economic development of the target countries?

## 2.3 Information collection

The following methods were used to collect information: desk research, interviews, questionnaires and field research. These methods will be discussed below.

### **Desk research**

For this evaluation, a large number of reports was collected from the PUM Foundation, DGIS and EZ. Annex 2.3 gives a specification of the collected documentation. The desk research contains an analysis of this documentation and an analysis of all the project data that are stored in the database of PUM, the so-called PRINS database.

The desk research is used primarily to get a good view of the PUM organisation and its developments during the evaluation period 2001-2005. Our main sources are the annual reports. These documents provided us with information about the country and sector policy, the policy concerning follow-up projects, the job descriptions of PUM officers, products and committees and the develop-

ments in the project portfolio. Other sources that have been used are the annual agreements between PUM and DGIS and EZ, the annual budgets, meeting reports and various internal studies that have been conducted by PUM.

The PRINS database made it possible to perform analyses on the total number of PUM projects and to analyse a number of different aspects. In this regard, links can be made between the different variables that are recorded in the database.

### **Interviews in the Netherlands**

Interviews were held among various PUM staff members and other stakeholders. In Annex 2.4 a list of all interviewed persons is attached.

In summary the following persons were interviewed:

- PUM-Board (Chairman)
- Management team (4 persons, incl. the Managing Director and the Financial/Operational Director)
- PUM staff (3 Project Officers, 10 Sector Coordinators and 9 Country Coordinators)
- PUM experts (24 persons)
- Policy Officers of DGIS (3 persons) and EZ (2 persons)
- Other organisations (CBI, Triple Jump, Oiko Credit, FMO)

### Selection of experts

For the selection of experts we used the following criteria:

- Wide range of expertise, i.e. a large number of projects executed in the period 2001-2005
- Currently active
- Distribution in sectors

The interviewed experts (n=24) have executed approximately 430 projects during the evaluation period.

### Selection of Country and Sector Coordinators

Out of 40 active Country Coordinators, 9 were interviewed. The sample was based on the number of projects handled and the geographical distribution.

For Sector Coordinators, 10 were interviewed, out of a population of 45. The same selection criteria apply as for the other volunteers; i.e. number of projects handled and distribution among the sectors.

Table 2.1 gives an overview of the number of interviews held in relation to the total population.

Table 2.1 Number of interviews held

	Population	Sample interviews	% of population
Experts	+/- 3,800	24	0.6 %
SC	45	10	22 %
CC	40	9	23 %

Source: Analysis NIBConsult

### **Questionnaires**

Questionnaires were held among 4 groups of stakeholders: experts, Country Coordinators, Sector Coordinators and Local Representatives. The questionnaires are attached in Annex 2.5.

### Selection of experts

For the selection of experts we used the following criteria:

- Wide range of expertise, i.e. a large number of projects executed in the period 2001-2005
- Currently active
- Distribution in sectors

The selection of experts for the questionnaires was conducted the same way as for the interviews. Out of 3,800 experts in the PRINS database, a sample of 300 was selected. The 300 selected experts were responsible for conducting over 2,200 projects (over 25% of total projects executed) during the evaluation period.

The sample is not representative for the population since experts that have not been on a project during the evaluation period were excluded. However, the aim for this questionnaire was to get as much information as possible. Based on this assumption the sample of the questionnaire is considered useful for its purpose.

### Selection of Country and Sector Coordinators

All active CC's and SC's were approached for the questionnaire.

In addition, some Country and Sector Coordinators, who are inactive at the moment but were active in the period 2001-2005, were also approached.

### Selection of Local Representatives

Out of 220 active Local Representatives, a sample of 100 LR's was selected for the questionnaire.

The selection criteria were:

- Number of projects handled
- Regional distribution
- Access to internet
- Currently active
- English speaking<sup>5</sup>

All questionnaires were sent by email in August 2006. In September 2006 a reminder was sent to the experts and LR's that had not responded yet. In the second week of November the questionnaires were closed. Box 1 shows the response to the questionnaires.

#### Box 1 Response to the questionnaires

Experts:	300 questionnaires were sent by email to the experts, 266 (89% of received questionnaires) were returned. <sup>6</sup>
Country Coordinators:	39 questionnaires were sent, 33 (85%) were returned.
Sector Coordinators:	44 questionnaires were sent, 31 (70%) were returned.
Local Representatives:	100 questionnaires were sent, 68 returned (76% of received questionnaires). <sup>7</sup> A few local representatives were unable to return the questionnaire due to bad internet access/connection.

<sup>5</sup> According to PUM some LR's in Latin America speak mostly Spanish. They were excluded from the survey.

<sup>6</sup> Strictly there were only 299 questionnaires received. 1 email address was incorrect. The correct response is therefore 89%.

<sup>7</sup> Strictly 90 questionnaires were received; 8 addresses were incorrect, 2 persons were twice on the list in the database. The correct response is therefore 68%.



All questionnaires present a response of at least 70%, which is quite good. In table 2.2 a summary of the responses on the questionnaires is given.

Table 2.2 Sample questionnaires in relation to the population

	Population	Sample ques- tionnaires	% of population	Questionnaires returned	% of population
Experts	+/- 3,800	300	8 %	266	7 %
SC	45	44	98 %	31	69 %
CC	40	39	98 %	33	83 %
LR total	235	100	43 %	68	29 %
LR EZ	54	29	54 %	20	37 %
LR DGIS	181	71	39 %	48	27 %

Source: Analysis NIBConsult

### Field research

For the field research we selected 6 countries. This selection was based on:

- Number of projects
- Regional distribution<sup>8</sup>

The methods used for the selection of the countries are presented in a separate report<sup>9</sup>.

The following countries were visited:

- Bulgaria (EZ)
- Russian Federation 3 (EZ)
- India South (DGIS)
- Kenya and Uganda (DGIS)
- Peru (DGIS)

These countries benefited from almost 1,000 projects during the period 2001-2005 (around 12.5% of total projects performed).

Per country on average 10 SME-companies/enabling environment institutions were visited. Furthermore, representatives of the Dutch Embassy, local Chambers of Commerce and other organisations were visited. Annex 2.6 presents a list of companies and organisations visited.

Local representatives were interviewed during the field research. In total 11 Local Representatives were interviewed.

Before travelling to the selected companies the following documents were studied:

- Documentation on all applications
- Debriefing and evaluation documents
- Project reports
- Other information from the PRINS database

<sup>8</sup> According to the Terms of Reference it was required to visit two EZ countries and three DGIS countries. As it was desirable to include African Sub-Sahara countries, it was decided to include one additional country from that region, in order to have a sufficient basis for the project selection.

<sup>9</sup> Plan van aanpak veldonderzoek, NIBConsult, 1 september 2006.

Reports of projects at the particular companies were studied as well as other information on the project, available in the PRINS database. Most stakeholders (i.e. country coordinators, experts and sector coordinators) were (re)interviewed afterwards.

For the selection of companies 10 criteria were used. Initially a list of 20 companies per country was selected. In practice not all selected companies on the initial list could be visited. The shortlist was selected to a large extent on the basis of the ability to visit the companies during the five day field visit (taking into account travelling conditions and availability of management) in combination with the representativeness of the sample with regard to PUM's activities. Table 2.3 shows the criteria used. The target is stated as a percentage of the companies visited in the field research.

Table 2.3 Matching criteria field research

Criteria		Target "Plan van aanpak veldonderzoek"		Distribution of field research	
		DGIS	EZ	DGIS	EZ
1	Number of projects executed in 2005	50%-70%	50%-70%	48 %	43 %
	Number of projects executed in 2004	30%-50%	30%-50%	41 %	31 %
	Number of projects executed in 2001-2003	n.a.	n.a.	11 %	26 %
2	Enabling environment <sup>10</sup>	30%	10%	15 %	9 %
3	Sector representation	Representative		See Annex 2.7	
4	Survey	10-30%	10-30%	17 %	14%
5	Number of employees	Representative		See Annex 2.7	
6	`Poor` in debriefing and evaluation <sup>11</sup>	If possible		28 %	26 %
7	Follow-up <sup>12</sup>	30%-40%	30%-40%	33 %	49 %
8	BLP <sup>13</sup>	10%-20%	20%-30%	7 %	14 %
9	Trainings	10%-20%	10%-20%	15 %	6%
10	PUM Young	If possible		0 %	4%

Source: Analysis NIBConsult

The number of projects during the period 2001-2003 is considerably lower than the number of projects executed in 2004 and 2005. We decided to select mostly companies that have received an expert in 2004 or 2005, for the following reasons:

- Knowledge concerning the project(s) is "fresh"
- The possibility of changes in the company structure, e.g. management change or even out of business would be low(er)

<sup>10</sup> On average 5% of projects in EZ countries are executed at "enabling environment"-organisations. Considering 10 companies per country were selected, for EZ one "enabling environment" was selected, i.e. 10%. The DGIS policy prescribes a selection of 30% "enabling environment" organisations.

<sup>11</sup> In debriefing, evaluation and survey forms questions are asked concerning most aspects of the project. Most respondents usually only use the "excellent" or "good" answer. It was considered useful to include some projects that were not considered positive on all aspects.

<sup>12</sup> According to the PRINS database, about 25% of all projects are follow-up projects.

<sup>13</sup> More important for EZ than for DGIS as the establishment of business links is part of the EZ policy.

Not all criteria were met. This is a result of the fact that the initial selection was made on the basis of single projects. If companies received multiple projects during the evaluation period, these projects (including their characteristics) were included later on in the sample. The number of projects considered in the field research (including follow-up projects) was: 35 for EZ, 46 for DGIS. In Annex 2.7 an overview of the distribution in sector spread and company size is given.

## 3 Background PUM (General)

### 3.1 Introduction

This chapter gives a bird eye view of the main activities of the PUM foundation. The goal and approach of the programme will be examined, as well as the main functions of the personnel, the PUM organisation, the project activities and other PUM products. In addition, the extent to which the recommendations of the previous evaluation have been followed up by PUM will be examined.

The aim of this chapter is to give the reader an impression of the PUM programme and its operational activities that is based on facts. The findings of the evaluation and our view on these findings will be dealt with in the following chapters.

### 3.2 Questions

#### Question 1

*Which activities has PUM carried out during the evaluation period?*

#### 1. Main activities

The PUM foundation facilitates management assistance for companies and organisations with the aim to contribute to the growth of a viable SME sector in countries with a weaker economy than most western countries. This is mainly done by sending Dutch (ex-) managers and specialists on a voluntary basis to companies and to a lesser extent to “enabling environment” organisations (like local Chambers of Commerce, branch organisations or employers organisations). These volunteers or experts give advice on the basis of their own knowledge and experience on technical-, organisational-, marketing-, and financial matters, to name a few.

PUM was founded in 1978 by the Dutch employers' organisation VNO-NCW and is still linked to it.<sup>14</sup> The aim of the programme is to support the SME's in developing countries. According to PUM, in most of the companies and institutions in developing countries there was a great lack of organisational and managerial skills. The founders of PUM reasoned that these skills were relatively abundant in the West and that many retired managers and specialists have the desire to make a contribution to the development of the private sector of developing countries. By founding an employment agency, they could mobilise these specialists and experts.

The PUM programme has grown ever since, both in the number of employees and in the number of projects executed.<sup>15</sup> Throughout this chapter, this growth will be explained in more detail. It should be noted that the financial developments of PUM are evaluated in chapter 6 of this report.

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<sup>14</sup> The Confederation of Netherlands Industry and Employers (known as VNO-NCW) is the largest employers' organisation in the Netherlands. VNO-NCW represents the common interests of Dutch business, both at home and abroad and provides a variety of services for its members. Source: <http://www.vno-ncw.nl>

<sup>15</sup> A project can be defined as a visit by a PUM expert with the aim to advise an applicant organisation.

## 2. Organisation

The PUM organisation has grown substantially since the previous evaluation period. At present, around 165 persons are employed at the PUM headquarters in The Hague. From this total, 40 belong to the main staff while the other 125 persons work on a voluntary basis. In addition, around 220 Local Representatives represent PUM globally<sup>16</sup> and the foundation has around 3,800 experts at its disposal.

In 2005, around 2,700 project requests were reported, resulting in 1,800 projects<sup>17</sup>; 1,078 of these were carried out for DGIS and 532 for EZ. The remaining projects were carried out for other sponsors.<sup>18</sup> In terms of man-days, the total number of projects was approximately 28,000. From the 1,800 executed projects, the number of follow-up projects is 331 for DGIS and 128 for EZ (this is respectively 30% and 24% of the number of projects for DGIS and EZ). The number of trainings and business links amounts to 138 for DGIS and 112 for EZ.<sup>19</sup>

These numbers affirm the growth that the PUM organisation has experienced during the evaluation period: in 2001 around 1,600 projects took place, while 100 persons were employed (volunteers included).

### *2.1 Main departments and staff*

The PUM foundation is managed by a management team and supervised by a board of directors. The management team is supported by a staff of 20 Project Officers (PrOf's), the departments Analysis and Monitoring (Anamon), Communication and Public Relations, Financial Administration, IT and the General Secretariat. The rest of the organisation consists of staff volunteers. In this section the main departments are discussed, while the staff is discussed in section 2.2 of this chapter.

#### Board and governance

The PUM foundation is managed by a board of directors, headed by chairman Bernard Wientjes. Other members of the board are Arie Kraaijeveld, Jeltje van Nieuwenhoven, André van Heemstra and Adriaan Ouwehand. The day-to-day management is executed by General Director Jan Röben (who started in 2001) and Financial/Operational Director Bertus Noppers.

Meetings between the board and management take place some 3-4 times a year and can be compared to meetings between the management team and the board of directors of multinational companies. In these meetings the outlines of the general performance of PUM, the strategy and its internal structure are discussed, as well as the development of the project numbers.

#### Anamon

Throughout the years 2001-2005, the importance of the Anamon department has increased significantly.<sup>20</sup> This is at least partly due to the introduction of the PRINS database in the course of 2001, which has enabled PUM to expand and improve the monitoring of the project cycle (the project cycle will be discussed in section 3 of this chapter).

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<sup>16</sup> The Chinese counterparts of the Local Representatives are not included in this number (see chapter 2).

<sup>17</sup> In the PRINS database it is indicated for what reasons projects are cancelled. The most common reasons are (in random order): legislation, not accepted by PUM, no expert found in database, withdrawal of the applicant, no reaction from the applicant.

<sup>18</sup> See chapter 6, question 12.

<sup>19</sup> For and explanation of the concepts follow-up projects and trainings and business links, we refer respectively to section 4.2 and 5.1 of this chapter.

<sup>20</sup> Until July 2003, the department was called Monitoring.

Anamon has three major responsibilities:

- 1) The selection process
- 2) The intake process
- 3) The monitoring of projects

The primary task of Anamon is to assess the incoming applications on their clarity, completeness and compliance with the PUM criteria. An additional task is to translate the data from the database into useful management information, which is used for internal reports and reports to the ministries. It is also used as steering material in discussions with the Country Coordinators (CC's) and Sector Coordinators (SC's).<sup>21</sup> The main sources of information are, besides the application form and the intake, the information of the debriefing, evaluation and survey. In order to keep the information manageable, PUM has developed special forms for these events, which are reasonably well gathered and stored in the database (see chapter 6, question 14).

Throughout the years 2001-2005 PUM has worked hard to further expand and improve the monitoring process. An important example of their endeavour is the introduction of improved forms in 2004. As from 2005, Anamon provides more elaborate management reports on a monthly basis, with the purpose of providing a better insight in the developments of the projects. According to PUM, a significant part of this report is the performance of the Local Representative.<sup>22</sup> In addition, overviews are presented on the performance of the SC's, in which the throughput time and the matching process of experts to projects are the main aspects.

#### The PRINS database

The PRINS database contains information on all applicant companies and projects. In addition, all data are stored that are derived from the forms that are used by PUM for the project: the evaluation form (filled out by the applicant after a project is carried out), the debriefing form (filled out by the expert after a project is carried out) and the survey form (filled out by means of a random survey by the CC, half a year after a project is carried out by the expert). The forms are processed in the database and the data are used for both internal and external reporting and for monitoring the quality and progress of PUM projects. Besides the application form, which must be filled out on the PUM Website as of 2005, the feeding of the data into the database is done manually, mainly by the secretariat. As explained, the content of these forms has been expanded in the course of 2004.

#### Communication and Public Relations

There are different ways in which PUM pays attention to promotional activities. The most important material is the magazine "MWW" (Managers World Wide). MWW is printed in different languages, depending on the region in which it is being published (English, French, Spanish, Russian). The magazine is meant to inform contacts abroad about the PUM activities that are relevant for each particular region. MWW, as well as other relevant PUM publications, like a PUM brochure, year-books and the booklet "Buitenwerk" can be found on the PUM Website.

Next to the PUM Publications, PUM also uses its Website for communication with its target group. Starting from 2003, PUM has worked to expand and intensify the Website to make it more customer-

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<sup>21</sup> The Country Coordinators are primarily responsible for the acquisition of projects while the Sector Coordinator's main task is to find the right expert for a project. The tasks and responsibilities of both officers will be explained more elaborate in chapter 5 (question 6).

<sup>22</sup> As the title already suggests, the Local Representatives represent the PUM organisation in developing countries. For a further explanation of the tasks and responsibilities of this officer, see chapter 5 (question 5).

friendly. In addition, its role as a communication medium has increased significantly since both new experts and applicants are obliged to fill out the application form here.

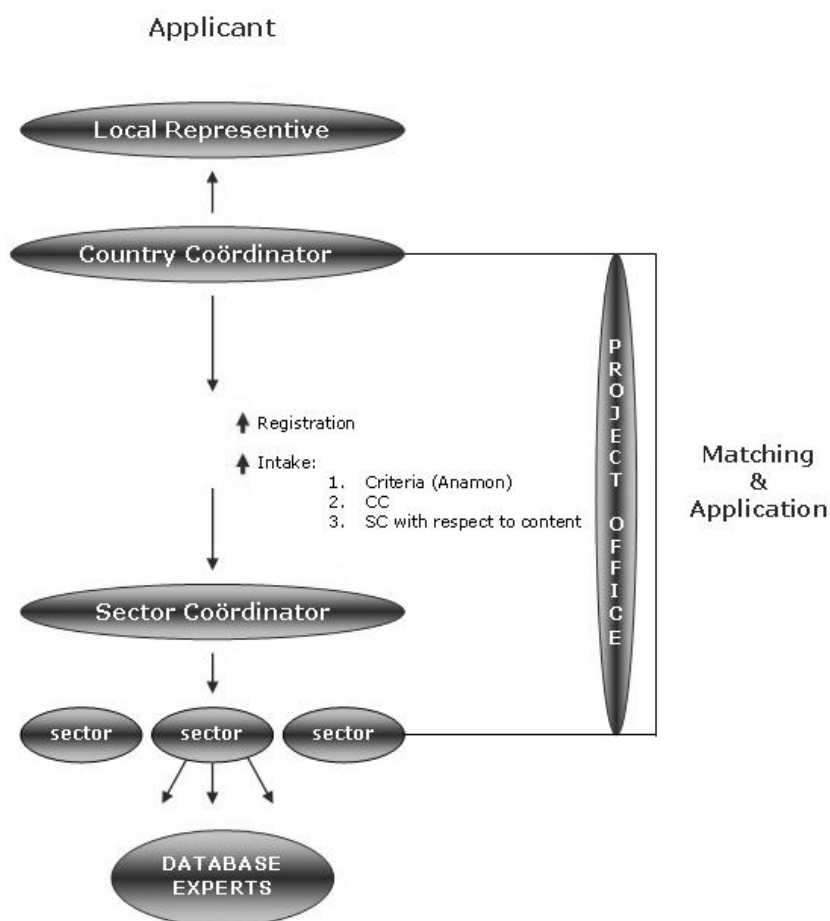
## 2.2 Main officers

The PUM organisation is staffed by different types of officers. The main categories of officers are:

- Country Coordinators (CC's)
- Sector Coordinators (SC's)
- Project Officers (ProF's)
- Training and Business Links Coordinators
- Local Representatives

In practice, all officers work closely together throughout the project cycle. Figure 3.1 gives an overview of the internal relations.

Figure 3.1 Relations between the different PUM officers.



Source: Analysis NIBConsult

The figure shows that the Country Coordinator keeps in touch with the Local Representatives in the countries for which he holds responsibility. In a so-called Project Support Missions (PBR), they travel together for project acquisition, the evaluation of executed projects and to discuss all running business in the region. The Sector Coordinators manage the database in which the experts of their sector are included and match experts to projects.

Communication between the officers is established mainly through a combination of formal and informal contacts, among which all sorts of meetings (as will be discussed in the next paragraph), telephone calls and email correspondence. Each staff member has its own email address and access to the PUM network (an intranet facility).

In chapters 5 and 6 the tasks and responsibilities of the Country and Sector Coordinator, the Local Representative and the Project Officer will be explained in more detail.

### *2.3 Internal meeting structure*

In order to optimise the production process, a number of different internal meetings has been established throughout the years.

#### Meetings between the main staff

Meetings of the PUM Management (CEO-CFO) are held every week. Biweekly a meeting with the whole Management Team is held.<sup>23</sup> In these meetings, all recent developments (policy-related, operational, financial) within the PUM organisation or otherwise relevant are being discussed.

There is a biweekly discussion of progress between the ProOf's and the project management, which mostly deals with either operational topics or specific themes (i.e. General Work Discussion or AWO, chaired by the CFO). In addition, meetings between the CFO and individual ProOf's are held every 8-10 weeks.

#### Meetings between the main staff and volunteers

Between the main staff and the volunteers a number of formal meetings is organised.

First, a meeting between the management and the staff volunteers is held every four months. This meeting is called *WOLS* (discussion of progress between the CC's and SC's). Here the discussions deal with a wide variety of topics, like regional developments, developments regarding subsidies and recruitment campaigns.

Second, meetings between management and the ProOf's and CC are organised twice a year. These meetings are called *WOLP*. In this meetings attention is paid to issues like the selection of Local Representatives or the problem definition of projects.

Third, there are individual meetings with the CC's. The meetings with the CEO, the CC's and their ProOf, take place in preparation of their PBR, followed by the evaluation of that mission. As a rule, the CC's go twice a year on this PBR, which means that there are four conversations between the PUM management (CEO) and each individual CC each year.

Fourth, meetings between the management and SC's, or *WOS* as they are called, are organised. These meetings have a less formal status and take place twice a year. A central theme in these

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<sup>23</sup> Besides Mr. Röben and Mr. Noppers, the Management team consists of Ms. Erlijn Logtenberg (Head Anamon department), Mr. Wessel van Weerd (Head HRM department) and Mr. Joost de Witte (Head Communication department).



meetings is the recruitment and matching of experts. Although it is no obligation, Profs are encouraged to join these meetings. In addition, meetings are held between the management and SC's from an overlapping sector group (like for example the agro or metal cluster). These meetings are organised twice a year and deal with topics like the recruitment of new experts, throughput times and potential operational problems.

Finally, there are meetings between the operational management and the training coordinators. These meetings, called *WOTS*, are held four times a year and deal with topics like budget divisions, potential problems and general progress.

#### *2.4 Internal taskforces/committees*

Besides the department structure, there are a number of committees and other staff functions. The aim of these committees is mixed. Some are informal and temporarily, others are more formal and structural. Members of these committees are either main staff or volunteers.

##### Corporate Social Responsibility

Corporate Social Responsibility (CSR) is a generic term which deals with a variety of subjects, such as the environment, labour conditions and safety measures. It is being used to promote a more sustainable approach. In recent years, efforts to promote CSR throughout the PUM organisation have been made at an increasing rate. In 2004 a taskforce was founded in order to formulate a line of conduct for experts. As from 2005, the line of conduct is a permanent topic in the expert briefing. Each expert receives a booklet concerning CSR before going abroad. In addition the experts are asked to assess to what extent CSR principles can be implemented in the organisation of the applicant. Another important effort to stimulate CSR was made by PUM by conducting a special study. The results were written down in an internal PUM publication "Naar eer en geweten" (freely translated with "in good faith"), which was presented to the salaried staff and staff volunteers in 2005.

##### Credit Committee

The Credit Committee is founded in 2004 and replaced the "Support Group Finance". The main reason is that many of the PUM recommendations result in the need for additional financial support. By matching supply and demand in the field of financial means, the Credit Committee aims to mediate between entrepreneurs and (local) investors. The Credit Committee also offers additional support to entrepreneurs in writing their business plans.

##### Other Committees

Other PUM Committees are (in random sequence) the Sector Committee (examines how the sector organisation can be improved), the Committee Country Policy, LaSeMa (this committee ascertains PUM spearheads and develops proposals how to translate these spearheads into the general PUM policy), the Committee Introduction of Staff Volunteers/Profs and the Automating Committee.

#### *2.5 Relation with the Ministries of Foreign - and Economic Affairs*

The Ministry of Economic Affairs and the Ministry of Foreign Affairs play an important role in the existence of the PUM programme. They are the two main sponsors of the programme.

The relation between PUM and DGIS and EZ is formally arranged through annual agreements, annual budgets and annual reports. The annual agreements contain information on the amount of funds provided and the way in which the subsidies are to be spent. Although PUM has some free-

dom to formulate and implement its own goals, the ministries do pose some important restrictions on the programme. One of these restrictions is that the project must take place in the poorest countries on the DAC 1 list and that at least 75% of them must take place in the so-called partner countries of DGIS. Another important restriction is that at least 85% of the projects must be carried out in Small and Medium Sized Enterprises (SME) for EZ, while for DGIS this number must be at least 75%.<sup>24</sup> For both ministries, the remaining percentage is intended for Enabling Environment organisations (EE) that contribute to the development of the private sector.

Besides the policy related topics the annual agreements also go into more detail about the justification of the expenditures. PUM must provide DGIS and EZ with annual budget proposals and annual accountant statements. In addition, PUM is required to provide DGIS and EZ with progress reports. In the years 2001-2003 it was agreed to provide these reports four times a year to EZ and twice a year to DGIS. From 2004 it was agreed to decrease the frequency to respectively twice a year and yearly for EZ and DGIS. The progress reports are subsequently discussed after being submitted by PUM.

## *2.6 Relation with other organisations*

In the evaluation period, PUM has maintained contact with a number of organisations. Among these organisations are the Netherlands Development Finance Company (FMO), the Centre for the Promotion of Imports from developing countries (CBI), and the Confederation of European Senior Expert Services (CESES) to which PUM delivers a substantial contribution. For further details see chapter 7, question 21.

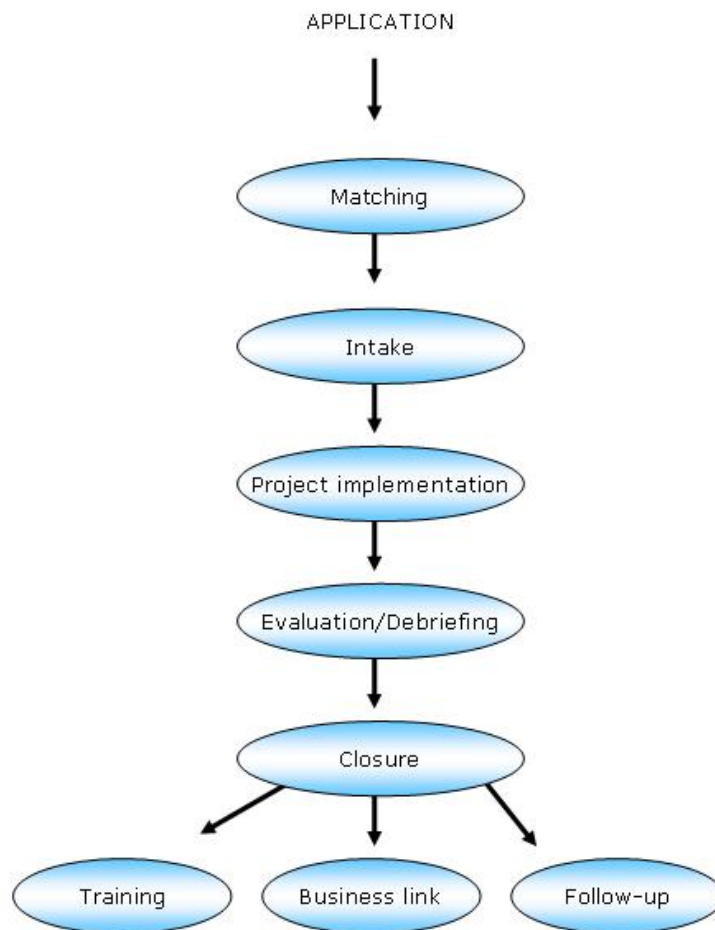
## **3. The PUM project cycle**

The core activities of PUM are the projects, in which experts travel to the applicant organisations with the aim to support them in improving their business performance. In order to get more insight in the nature of these projects, it is necessary to have a good understanding of the processes that facilitate them. In this section we will therefore examine the project cycle, which is visualized in figure 3.2.

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<sup>24</sup> These percentages show a significant increase throughout the recent years for EZ; from 70% in 2003 to 90% in 2006. For DGIS, the required percentage for SME projects remained constant on 75% of the total amount of projects. It must be mentioned that with regard to the EZ requirements, there is a slight variation in the percentages that are being used in different documents; in the annual agreement for EZ for 2005, a percentage of 85 is mentioned, while PUM uses a percentage of 90 in the annual report of that year.

Figure 3.2 The PUM project cycle



Source: Analysis NIBConsult

The figure outlines the project process from the moment the applicant sends his request to PUM to the moment that the project is closed. Below the different phases of the project cycle are explained.

#### Application

When a company wants to apply for PUM support, it can do so by filling out an application form. If needed, the applicant can ask the Local Representative for assistance. The role of the Local Representative is to check whether the form is filled out correctly and if the problem and required assistance are clearly stated.

#### Intake

The Project Officers regularly check if new application forms have arrived. When a new application arrives, the PrOf assigns a specific number and sector to it and processes it in the PRINS database. After this the CC and SC concerned, as well as the Anamon department receive an automatic notification of the application. The CC assesses the application in relation to the country policy, the problem definition and the specific situation of the applicant. The SC also assesses the problem defini-

tion and the general feasibility of the project. The task of Anamon is to evaluate the company request in relation to a set of criteria, the so-called “top 10 priority rules”:

1. The applicant must be active in the private sector, no state owned enterprises are allowed;
2. The ownership of the applicant must be for 50% or more in local hands;
3. The applicant must be at least 2 years in operation, no starters are allowed;
4. The applicant must have at least 10 employees;
5. The maximum turnover is set to EUR 50 mln, the maximum balance total to EUR 43 mln, and the maximum staff is set to 1,000 persons;
6. The applicant must not be too rich: it has no funds available for commercial consultants;
7. The application form must be completed, with sufficient details of the applicant and his requirements;
8. The duration of the project is minimal 10 workdays (Eastern Europe:7) and maximal 3 months;
9. Applicants from “enabling environment” must clearly have an “enabling” role;
10. Enabling projects are maximised on 25% (Eastern Europe 10%) of year-budget.

These criteria were introduced in 2004. Although the criteria were already in use for several years, it was decided to formulate them in one single document and to communicate them once more to all staff members.

When all three parties (i.e. Anamon, the CC and the SC) give a positive assessment of the application, the SC will start looking for a suitable expert.

#### Matching

In the matching phase, the SC seeks an expert that is suitable for helping the applicant. This process is further described in chapter 5 (question 6). When the right expert is found and after the CV of the expert is accepted by the applicant, the project preparations can start.

#### Preparation/ Briefing

The project preparation is mainly done by the Project Officer. He or she arranges the starting moment of the project in consideration with all parties, books the flight ticket at the travel agency and takes care of other issues that come to question.<sup>25</sup> When all preparations are done, the expert is invited to the PUM headquarters for the project briefing, where he gets his project instructions from the CC.

#### Project implementation

The character of a PUM project can vary from case to case. In section 4 of this chapter the project portfolio will be examined thoroughly. When the expert is executing his project, his first contact point is the Local Representative. For any possible correspondence with the PUM headquarters he can contact the Project Officer.

#### Evaluation/ Debriefing

After a project is finished, the expert will write a report and fills out a debriefing form. He also receives an evaluation form, which is filled out by the applicant. When the expert is back in the Netherlands, he will give the report and forms to the Project Officer, who processes the information. In addition, a debriefing is held with the CC in which the results of the project are discussed.

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<sup>25</sup> The travel agency “BCD travel” is not part of the PUM organisation. However, they are physically located in the same building as PUM. Between PUM and BCD special flight agreements have been made.

### Closure

After the project is closed, projects are randomly evaluated by the CC's. For an explanation of these evaluations, we refer to chapter 5, question 6. After the project is effectively closed, the relationship between PUM and the applicant can still continue through various channels. The most occurring formal continuation of this relationship is through follow-up projects. Other means of continuation are trainings and business links. These products will be discussed in the next two sections.

## 4. The project portfolio

The PUM project portfolio consist of different types of products. The main type of products, i.e. projects, will be explained in this section. In addition to the projects, PUM also distinguishes other products, such as Seminars and Trainings/Business Links. These products will be explained in the next section.

In the period 2001-2005 more than 8,000 PUM projects have been carried out. A project can be defined as a visit by a PUM expert with the aim to advise an applicant organisation.<sup>26</sup> These projects have been deployed in more than 90 countries and are spread over more than 25 different sectors. When the projects are grouped over the continents it becomes clear that more activities take place in Europe (36%) and Asia (34%), than in Africa (19%) and Latin America (11%).

### *4.1 Projects categorised by sponsor*

PUM is mainly subsidised by DGIS and EZ. Table 3.1 shows (in percentage) the number of projects per sponsor.

Table 3.1 PUM projects grouped after sponsor

<b>Sponsor</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>
DGIS	57%	56%	65%	61%	60%
EZ	38%	33%	29%	31%	30%
Other	5%	11%	6%	8%	10%
Total	100%	100%	100%	100%	100%

Source: Analysis NIBConsult

Through ministerial orders DGIS and EZ impose obligations to PUM how to use the financial means. One major component of the ministerial orders is in which countries PUM should be active. The country portfolio depends on the sponsor. As DGIS and PUM have agreed, 75% of the projects that are conducted by PUM should be executed in the partner countries of the Ministry of Foreign Affairs.<sup>27</sup> For the remaining 25% PUM can develop and implement its own country-policy. The agreements between EZ and PUM do not foresee in any free policy making, as EZ soundly prescribes the list of countries in which PUM should be active. These countries are mainly situated in Eastern Europe.

<sup>26</sup> Until 2004 a project was called a mission. A mission can be defined as the "ticket" to a country in which one or more (combi-visits) can be carried out. In contrast, a project is exclusively related to a single applicant.

<sup>27</sup> An overview of the number of products in the DGIS/EZ countries for the years 2001-2005 is presented in annex 6.1.

### Project Application, execution and cancellation

In the evaluation period, over 11,000 project applications have reached PUM. Table 3.2 gives an overview per year of these applications.

Table 3.2 Number of applications

	DGIS	EZ
2001	1,495	816
2002	1,436	737
2003	1,860	734
2004	1,641	748
2005	1,621	710
total	8,053	3,745

Source: Anamon Department

From these applications, more than 5,000 resulted in DGIS projects (=68%) and around 2,700 resulted in EZ projects (=72%). Table 3.3 gives the number of projects that have been carried out per year, as well as the number of cancelled projects per year.

Table 3.3 Number of projects and projects cancellation

<b>DGIS</b>						
	2001	2002	2003	2004	2005	total
Carried out	873	849	1,140	1,130	1,078	5,070
Cancelled	439	606	636	622	619	2,922
<b>EZ</b>						
	2001	2002	2003	2004	2005	total
Carried out	590	496	501	567	532	2,686
Cancelled	188	246	208	262	154	1,058

Source: PRINS database

As table 3.3 shows, only around 64% of all DGIS projects and 73% of all EZ project applications have resulted in project implementation, while respectively 34% and 27% of this number has resulted in cancellations.<sup>28</sup> The reasons that are most commonly given for these cancellations are withdrawal by or no response from the applicant after submission of the application.

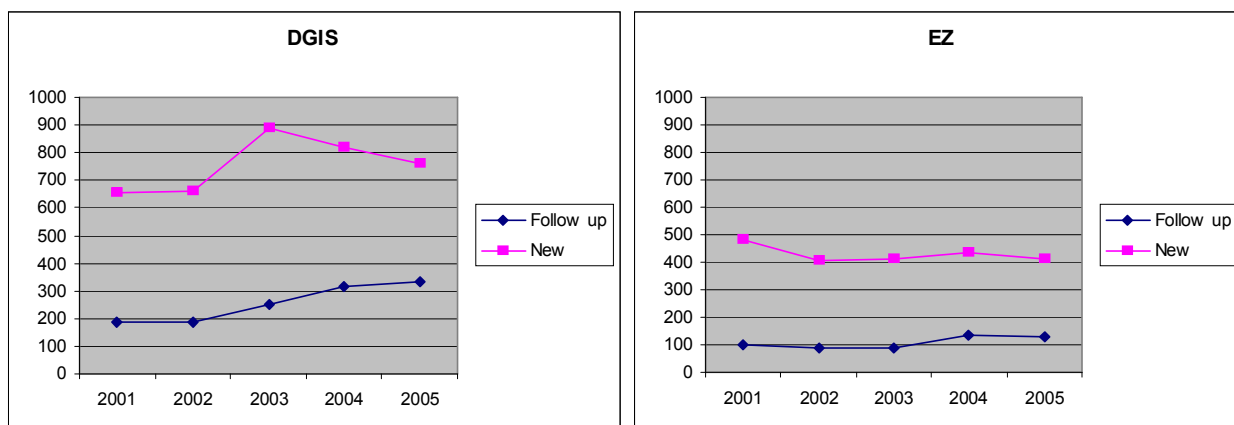
### *4.2 Follow-up projects*

Follow-up projects are supplementary projects with the same applicant. By building up a long term relationship between PUM and these companies through follow-up projects, PUM wants to ensure that their problems are actually solved. In addition PUM also tries to help the companies to further develop their business.

<sup>28</sup> An observing reader may discover when adding the number of cancelled projects with the number of projects carried out do not match the number of applications that have been received in a certain year. This difference is explained by PUM by the fact that projects are not necessarily carried out or cancelled in the same year. An additional explanation PUM gives is that not all the projects that have been carried out in 2001 are registered in the PRINS database, due to the fact that the database was introduced in the course of that year.

In the period 2001-2005, PUM has aimed to increase the number of follow-up projects as well as the number of trainings and Business Links.<sup>29</sup> The reason for this is that PUM holds the opinion that follow-up projects contribute to increasing the effect (sustainability) of the PUM assistance. The number of follow-up projects has grown considerably throughout the evaluation period. In 2001 the total number of follow-up projects was 185 for DGIS and 98 for EZ. In 2005 these numbers were respectively 331 and 128. An overview of this development is given in figure 3.3.

Figure 3.3 New projects versus follow-up projects in the years 2001-2005



Source: PRINS database

According to PUM, a general picture of long term relationships with the applicants is that experts visit the applicant several times, occasionally completed with trainings and/ or Business Links.

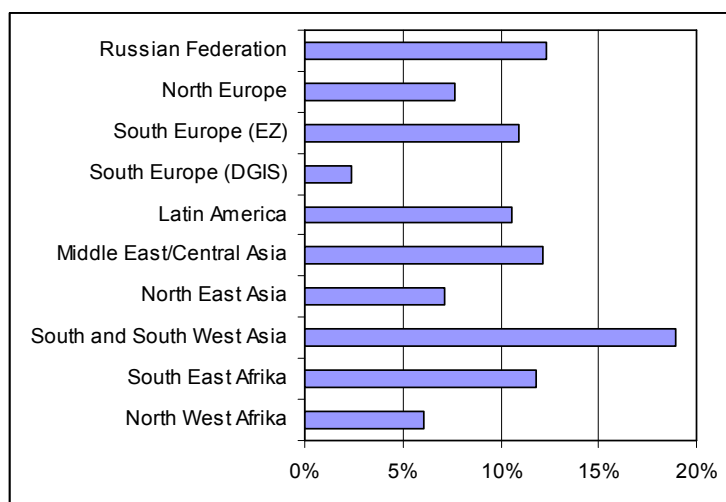
#### 4.3 Main regions

Instead of a grouping over continents, PUM maintains a grouping in regions. An overview of the project activities per region is given in figure 3.4.<sup>30</sup>

<sup>29</sup> For more information on trainings and business links, reference is made to section 5.1 of this chapter.

<sup>30</sup> The same division is used for the (semi-)yearly reports to the Ministries of Economic Affairs and Foreign Affairs.

Figure 3.4 Number of PUM projects per region in the period 2001-2005



Source: PRINS database

Figure 3.4 shows a more or less consistent spread of activities over the different regions, with a few peaks: South and South West Asia is the most productive region for PUM, while few projects have been carried out in North East Asia. This peak in activities in South and South West Asia can be explained by the fact that this region includes vast countries such as India and Indonesia. It must be noted that the regional spread as presented in figure 3.4 is an average for the period 2001-2005, and therefore also includes countries in which PUM activities have been terminated by now. An example is the EZ countries that have joined the European Union.

#### 4.4 Main sector groups

Another way to gain insight in the project activities is by looking at the sector groups in which the activities took place. The sector groups are formulated by PUM in order to manage the large amount of sectors in which all project activities take place. Table 3.4 gives an overview of the project activities grouped in sector groups for the period 2001-2005.



Table 3.4 Projects grouped in sector groups (average 2001-2005)

<b>Sector group</b>	<b>DGIS</b>	<b>EZ</b>
01 - Agricultural production	17%	16%
02 - Agro-industry/food processing	16%	14%
03 - Energy & water	2%	1%
04 - Minerals & derived products	2%	1%
05 - Chemical industry	6%	3%
06 - Metal industry	6%	6%
07 - Electro technical industry	2%	2%
08 - Textile industry	3%	1%
09 - Clothing industry	3%	3%
10 - Leather industry	1%	0%
11 - Footwear	0%	0%
12 - Timber & timber processing industry	4%	7%
13 - Manufacture of paper & paper products	1%	1%
14 - Printing & publishing	3%	2%
15 - Other manufacturing industry	3%	0%
16 - Building & engineering	2%	4%
17 - Hotels/catering/tourism	10%	12%
18 - Transport & logistics	2%	3%
19 - Banking/financing/insurance/licensing	4%	2%
20 - Other services	4%	5%
21 - Health care	2%	3%
22 - Personnel policy	0%	2%
23 - Government services	6%	0%
24 - Accountancy/management/automation	1%	4%
25 - Retail industry	1%	7%
26 - Environment & waste	0%	0%
27 - Organisations of employers	0%	0%

Source: Analysis NIBConsult

The main sector groups for DGIS are agricultural production and agro-industry/food processing, followed by hotels/catering/tourism. The main subsectors in the sector group agricultural production are horticulture-vegetables & fruits (13%), vegetable & fruit processing (11%), horticulture-ornamental plants (11%), sundries agriculture (10%) and poultry farming (9%). The main sectors in the sector group agricultural production are flour/bakeries (33%), dairy industry (24%) and sundries food/drinks (13%). The main sectors in the sector group hotels/catering/tourism are hotels & catering (48%) and tourism (26%).

For EZ, the main sector groups are also agricultural production and agro-industry/food processing, followed by hotels/catering/tourism. The main subsectors in the sector group agricultural production are sundries agriculture (17%), horticulture-ornamental plants (14%), vegetable & fruit processing (12%) and cattle-breeding/dairy farming/fattening ruminants (12%). The main sectors in the sector group agro-industry/food processing are flour/bakeries (34%) and dairy industry (28%). The main sectors in the sector group hotels/catering/tourism are hotels & catering (52%), tourism (20%) and education/vocational training (12%).

When comparing activities of DGIS and EZ, a remarkable resemblance between the two appears.

#### 4.5 Type of organisations

In the evaluation period increasingly the focus has been placed on SME companies, whereas activities in other types of organisations have been reduced (Enabling Environment), or brought to an end (Government and non-profit organisations that are not directly related to the development of SME's). An overview of this development is outlined in table 3.5.

Table 3.5 Type of organisations that receive PUM support

DGIS	2001	2002	2003	2004	2005
Enabling Environment	24%	19%	18%	18%	13%
Government	0%	6%	4%	1%	1%
Non-profit	7%	5%	2%	0%	0%
SME	69%	70%	76%	81%	86%
Total	100%	100%	100%	100%	100%

EZ	2001	2002	2003	2004	2005
Enabling Environment	18%	7%	4%	3%	4%
Government	6%	6%	0%	0%	0%
Non-profit	3%	1%	0%	0%	0%
SME	73%	86%	96%	97%	96%
Total	100%	100%	100%	100%	100%

Source: PRINS database

### 5. Other products and additional activities

#### 5.1 Training/Business Links

A training or Business Link can be defined as a visit by one or more employees of the applicant to the Netherlands for a training or business trip at one or more companies (the training or business trip must be organised by a PUM expert). In the period 2001-2005, over 1,000 trainings/BLP's have been carried out.

Through trainings and Business Links PUM attempts to create a platform in which applicants can establish contacts with the Dutch business community. By means of trainings the applicant gets in contact with new technology, which he can apply for his own (operational) management. The trainings and Business Links are initiated by the experts themselves and take place after a project is completed.

In the last few years PUM has tried to improve the training- and Business Link-processes. Until 2003 the trainings and business links were managed separately through different processes. This however did not result in a satisfying situation, as in many cases it appeared difficult to divide between the two. Therefore, a second attempt to improve the process was made in 2003. A project team was established, which matched the conditions and the supporting process and procedures of trainings and Business Links to that of the regular projects. The changes were mainly related to the PRINS configuration and were implemented by the end of 2005.

## *5.2 PUM young*

In 2003 PUM introduced PUM-young. PUM-young offers the possibility to deploy experts that are younger than 50 years old. The idea is to mobilise “working managers”, in particular in sectors where regular experts are not available. This can be the case when knowledge of state-of-the-art technologies is required, such as gen-technology or information technology.

In practice, the PUM-young project appeared to be difficult to implement. It appeared that a number of big companies already had a similar programme of their own. For other companies exactly the opposite was the case: employers did not want to deploy their personnel to these projects. Even in those cases that companies made it possible for their employees to participate in a PUM project, it appeared in practice that their agenda was filled or they simply did not have any intention to participate.

Despite the fact that the number of projects involved has remained relative marginal (some 80-100 projects on a yearly basis), the project is still seen as a useful addition to the programme's activities.

## *5.3 Seminars*

To a great extent seminars follow the structure of normal projects. A seminar is held in a PUM country for a group of companies from the same sector and deals with a theme or problem, relevant for this group. The application must be submitted by an organising partner from the concerning country, for example by a local Chamber of Commerce, and is dealt with by an expert.

## *5.4 Hans Blankert Fund*

The Hans Blankert Fund is meant to financially support the companies that have been advised by PUM, by purchasing means of production (with a maximum amount of EUR 5,000 per project). It is not possible for companies to submit the application form themselves, this has to be done after completion of the project by the expert involved.

## *5.5 Regional Conferences*

In order to enforce the PUM policy and to ensure a quick implementation of that policy in the different regions, several “regional conferences” are held throughout the last years.

In these conferences, the LR's, the CC and ProF concerned and the general director are present in order to explain and stipulate the long term strategy. The conferences have an interactive point of departure. It is not only the purpose to explain the PUM policy on particular topics. The audience, in particular the LR's, is also asked for their opinions and proposals on how they think they will implement the new strategy in their country.

The conferences also offer a possibility to exchange experiences on the projects executed and to present proposals for product development. An additional function of these regional conferences is that they make it possible to do a “field exploration”. With the purpose to enforce and expand the (business) network in the regions, local companies and Embassies are also invited to these conferences.

## 6. Conclusions

In this section, a factual overview of the main developments in the PUM organisation during the evaluation period has been presented.

The organisation's activities have increased significantly throughout the evaluation period. This conclusion is supported by the growth in both the number of employees (from 100 in 2001 to 165 in 2005) and the number of projects (from 1,600 in 2001 to 1,800 in 2005). In addition, the organisation has experienced some significant operational developments, of which the introduction of the PRINS database is perhaps the most important one. Finally, the main developments in the PUM project portfolio are examined. Throughout the evaluation period PUM has increased its focus on both SME companies and follow-up projects.

### Question 2

*To what extent have the recommendations of the previous evaluation been followed up?*

In the previous evaluation, a number of recommendations is formulated.<sup>31</sup> A focus area in these recommendations is the concept "professionalisation of the organisation". In this section these recommendations are briefly described (in the grey boxes). Subsequently, for each recommendation we will specify to what extent it has been implemented by PUM and if not, which arguments have been used for this decision. In addition, the effects of the implemented recommendations will be examined. Our findings are based on the desk research, on interviews with different PUM officers, field research and on interviews with the management team of PUM. The topics related to the recommendations from the previous evaluation are summarised as follows:

1. Unambiguous definition of the objective
2. Target group and selection criteria
3. Guidance and supervision
4. Intake
5. Mission duration, exit strategy
6. Follow-up
7. Monitoring
8. Profile of the Local Representative
9. Transparency towards PUM advisers
10. Quality of the administration
11. Reach and coverage of the programme

In the following paragraphs the recommendations will be dealt with in more detail.

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<sup>31</sup> The previous evaluation was carried out by NEI.

## 1. Unambiguous definition of the objective

The recommendation as formulated by NEI:

"The following three points are indispensable for the proper management of an organisation with the size of NMCP: (i) a clear and unambiguous definition of the objective; (ii) understanding of this objective by the entire organisation and its financing parties; and (iii) adherence to this objective in all stages of the project cycle."

The general objective of PUM, as mentioned in the annual reports is formulated as follows:

*"PUM strives to contribute to the growth of a viable SME sector in countries with a weaker economy (than Western economies) by temporarily dispatching experienced managers and specialists as volunteers/advisers to SME's and when needed to relevant supporting organisations against minimal costs".*

This objective is being used as from 2002, as a direct result of the NEI recommendation to use "a clear and unambiguous definition of the objective". It is broadly supported by all members of the PUM organisation as well as by its sponsors (DGIS and EZ). Throughout the evaluation period, the PUM management has paid substantial attention to the communication of this objective among all its employees, volunteers and financing partners. Apart from the use of the objective in annual reports, the website and other PUM publications, this objective is also explained in various conferences, internal and external meetings. Although DGIS and EZ have their own specific focus points, which made it more practical to organise a separate reporting and meeting structure with PUM, these different focus points have been implemented in the project procedure. However, looking at the formulation of the objective no specific elements such as sustainable employment goals (as suggested by NEI) are included in the definition of the objective.

With regard to this recommendation it can be concluded that it has been implemented, although the objective is formulated in a very general way.

## 2. Target group and selection criteria

The recommendation as formulated by NEI:

"It is recommended that NMCP restricts itself, under both the activities financed by DGIS and MEA, to private SMEs who need the kind of advice NMCP can offer and cannot afford commercial advisers.

The present intake criteria are too liberal. It is here suggested to use the following criteria, partly based on EU norms for SMEs:

- A maximum of 250 employees (EU norm) or 750 employees in LDC's.
- The paid-up capital criterion is to be replaced by a turnover and possibly a Balance Total criterion, of maximum EUR 10 million each.
- The restriction 'foreign ownership share' could be set at 25 percent, but might be redefined in such a way that 'South-South' joint ventures are not excluded.

- |   |
|---|
| <ul style="list-style-type: none"><li>- At present, NMCP also has minimum limits, i.e. in theory it is not focusing at micro-enterprises (less than ten employees), but often does not adhere to these restrictions. It is here advised either to stick strictly to this limit, but possibly adjust it to a minimum of five employees (in that case also exclude combi-visits), or drop it entirely."</li></ul> |
|---|

Before 2001 the target group was too broad. For example, other target groups among which Church Parishes and Circus Performers were included as possible beneficiaries of PUM.

The aim of PUM is to prevent poverty through economic development. The instrument that is used for this purpose is the development of the private sector, in particular Small and Medium Enterprises (SME) and Enabling Environment organisations (EE). With this last category projects are meant that can exert a positive influence on the business climate. Examples of EE are (government) agencies such as land registers, Chambers of Commerce, branch organizations and employer organisations. As a result of these adjustments by PUM, the share of SME projects has increased during the evaluation period and the share of EE projects has decreased, while the category "other" has disappeared.

When compared to the top ten priority rules, which have already been presented in question 1, it is clearly observed that the NEI recommendations deviate. Although PUM did accentuate its intake criteria and thus increased its focus, it did not implement the specific recommendations, as suggested by NEI. For example, NEI suggests a maximum of 250 employees for the size of an applicant, while PUM uses a maximum of 1,000. Other differences concern the balance total (NEI: EUR 10 mln, PUM: EUR 43 mln) and the share of "foreign ownership" (NEI: 25%, PUM: 50%). When the two sets of lists are compared to each other, it becomes clear that both have a very different idea on the preferred target group.

In general it can be concluded that the criteria with regard to the target group are accentuated. However, after consultation with DGIS and EZ, PUM decided not to implement all the specific recommendations that have been formulated by NEI. For this PUM has given the following arguments:

- Larger SME companies better match the PUM objective (more growth can be realised);
- With larger SME's there are more possibilities for creating BLP's;
- The PUM experts mostly come from larger SME companies themselves and are thus more familiar with this type of companies;
- The risk of failure with smaller SME companies (start ups) is considered too big.

Although we understand the arguments of PUM to deviate from this recommendation we think that the target group is defined too broad and therefore contains the risk that PUM encounters clients which are able to afford commercial advisers. On the other hand a too rigid formulation of the target group incorporates the risk of excluding clients who actually rely on this kind of assistance. PUM is aware of this increased risk and has introduced the option to make such interesting but well to do clients pay an additional contribution to the costs. Furthermore we noticed that PUM is not strict in allowing starters or very small companies to apply for PUM assistance. PUM has step by step tightened the intake criteria and since 2004 in principle starters and companies with less than 10 employees (till 2004 5-7 persons for a company with growth power) are not eligible for PUM. However, both in our field research and in the database we encountered companies which did not meet these minimum requirements. We recommend that this issue is further discussed between PUM and the ministries as this issue also contains elements of EU requirements with respect to the size of companies.

### 3. Guidance and supervision

The recommendation as formulated by NEI:

"The reporting to both financing ministries should be more informative, but on the other hand, financing ministries should be clear in expressing their expectations as to target group, products and expected effects. This should be made explicit, be reflected in NMCP's objective, and regular and sudden changes in the requirements should be avoided. The ministries should react alertly in written form on the information provided by NMCP, both the budget applications including the Country Strategy Papers as the Monitoring Data. The new 'output financing policy' caters well to these requirements."

During the evaluation period PUM has taken several measures with regard to the gathering and storage of specific project-related information and the provision of project information in general. One of the measures that is implemented in the evaluation period is the introduction of the PRINS database, in the course of 2001.<sup>32</sup> From the data that are stored in the database the Anamon department can generate a number of overviews for the benefit of the external reports to amongst others DGIS and EZ and for the benefit of internal steering. For example, results per CC and SC can be generated, as well as results per Project Officer and Local Representative.

The measures discussed above have resulted in a substantial improvement in the information supply to both departments, when compared to the evaluation of 1996-2001. At request of the departments, progress reports are sent once a year to DGIS and twice a year to EZ. The improved reports enabled both DGIS and EZ to give better feedback to PUM.

With regard to the recommendation on guidance and supervision it can be concluded that it has been implemented by PUM.

### 4. Intake

The recommendation as formulated by NEI:

"The evaluators here suggest:

- Specify and strengthen the role of the Local Representative.
- A more critical approach by the NMCP intake unit in analysing the applications.
- Strengthening the role of the Sector Adviser or rather Sector Coordinator.
- The possibility to put questions to the applicant should become practice, and no departure by experts to applicants should take place before an answer is received.
- Only after this a final go/no-go decision should be made. It should not be excluded (in exceptional situations) that at this stage another adviser is selected.

In CEEC a slightly different approach may be taken, where the first one-week stay may be explicitly devoted to the problem definition and the drawing up of a project plan to be implemented over successive missions."

The role of the Local Representative has been strengthened by PUM in different ways. At first, PUM has provided all LR's with frequent and elaborate instructions on the required working method and provided LR's with ten clear selection criteria. Secondly, PUM has strived to replace less performing

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<sup>32</sup> For a description of the PRINS database reference is made to chapter 5.

LR's and is more selective in appointing new LR's. For this purpose CC's and PrOf's have formulated an ideal profile of the LR, which they have incorporated in internal guidelines. In addition, during the PBR's the results of the projects which were surveyed by the CC are discussed with the LR. Projects have a triple intake: the Anamon department is responsible for guarding the internal and sponsor criteria with regard to the project applications. Besides Anamon, the Country and Sector Coordinators give an intake advice. Both coordinators assess the completeness and the content of the application. The CC considers the benefits of the project in relation to the costs and whether the project fits within the country policy. In addition, the SC reports what kind of advice is in question. Only when all three parties have given a positive assessment, the project will be shifted to the matching phase.

With respect to the sector advisor we noticed that its role has been strengthened and upgraded to Sector Coordinator (SC). The SC became responsible for (1) the sector policy, (2) the management and composition of the CV files that are relevant for the assigned sector (together with the CV intake group), and (3) the search/approach of the right candidate expert for the application, in close consultation with the CC.

With regard to the recommendations on the intake process it can be concluded that these have been implemented by PUM. Nevertheless we feel that further strengthening of the role of the LR is necessary as this function is crucial for the selection process. In that respect reference is made to Chapter 5 (question 5).

#### 5. Project duration, exit strategy

The recommendation as formulated by NEI:

"If the NMCP adviser comes to the conclusion that the applicant or the problem do not qualify for NMCP assistance, the mission and assignment should be terminated, which fact should be clearly documented. Otherwise, the completion of the assignment (i.e. the exit of the adviser) should be dependent on the achievement of the objective of the assignment. Timing and planning of the mission should be an explicit process.

It is further recommended to stop the practice of the 'combi-visits'."

Preceding the project a briefing meeting between the CC and the expert is held. In this meeting the length of the project and the desire for a follow-up project is discussed. Compared to the findings of the previous evaluation the standard project duration is currently shorter. At the same time more follow-up projects are being deployed. Furthermore we noted that combined visits (named combi-visits) were very rare during the evaluation period. Only in cases where positive effects on efficiency were evident, these combi-visits occurred. From interviews with experts and management we learnt that experts generally are quite capable to decide to terminate a project in case the problem definition did not match the expertise of the PUM adviser.

With regard to the recommendation on the project duration and exit strategy it can be concluded that in general this has been implemented by PUM.



## 6. Follow-up

The recommendation as formulated by NEI:

"Especially in CEEC the nature of the assignments should become one of a series of missions, according to a work plan, focusing on the achievement of agreed results. The NMCP adviser and the recipient manager should agree on follow-up. Local Representatives in the field and the Country Co-ordinator in The Hague should oversee the execution of the plan.

The requirement to cover costs of international transfers by the applicant after the third mission should be linked to 'contact-time', rather than number of visits, whereas (lack of) affordability of international flight costs should not influence the effectiveness of the mission."

In the evaluation period the follow-up regulations have been adjusted. The internal aim is currently that 25-30% of all projects should be follow-up projects (in 2001 this percentage was around 15% and is currently around 27%). With this policy, PUM wants to offer sufficient opportunities to newcomers, while at the same time sufficient attention can be paid to existing clients.

Although the approach of the "follow-up" projects has been changed in the direction of the NEI recommendation, PUM did not fully implement it. In particular, PUM did not implement the suggested work plan, nor did it implement the link to "contact-time" and the suggested coverage of costs for international transfers by the applicant. The practice of the current "follow-up" policy anticipates on the commitment of the applicant to establish a long term cooperation with PUM. In this long term cooperation, the extent to which progress is made is being monitored through the use of forms (the content of these forms will be discussed under question 14). In addition the progress is also monitored by the expert concerned. With regard to the use of the work plan, PUM explains that usually the first visit is concluded with recommendations for improvements. In a later stage this will be the basis for a follow-up visit.

With regard to the recommendation on the "follow-up" strategy it can be concluded that it has been partly implemented by PUM. For further information on this topic, reference is made to chapter 5, question 10.

## 7. Monitoring

The recommendation as formulated by NEI:

"It is here advised to introduce a full monitoring system, e.g. a regular collection of information on programme progress, project execution and the likeliness that the objective is achieved. The debriefing forms and evaluation forms should be used to distil pivotal information, which then (the core of this advice) should be fed back to the management. This information can be augmented with information from surveys done between half a year and a year after the completion of the mission."

According to the recommendations, the information from the debriefing forms and evaluation forms is used to distil information on the project, which is stored in the PRINS database and can be used for analysis purposes. In addition, the Country Coordinators conduct surveys on a selection of PUM projects some 6 to 12 months after completion of the project and discuss these surveys with the management.

With regard to the recommendation on monitoring of the programme process it can be concluded that it has been implemented by PUM. For further information on this topic, reference is made to chapter 5, questions 8 and 9 and chapter 6, question 14.

## 8. Profile of the Local Representative

The recommendation as formulated by NEI:

"It is here suggested that Local Representatives should be responsible for more than just acquisition:

- a) Acquisition, through direct contact with the applicants.
- b) Providing background information on the application.
- c) Brief and support the NMCP adviser, also on features in the local environment that may be essential for the assignment.
- d) Debrief the applicant.
- e) Maintain contact with the recipient in the periods between the follow-up visits, and generally oversee the follow-up procedure in situ.
- f) Monitor the NMCP programme, under instructions from the Country Coordinator.
- g) Provide NMCP and more especially the Country Coordinator with all information on his country, which is relevant for the NMCP.

The above may imply that the co-operation with some of the Local Representatives will have to be terminated, and that it may be difficult to find others who answer above profile.

It is furthermore advised to try out another remuneration policy in one or two regions, in which the Local Representative is given a fixed annual amount on the basis of an (annually renewable dependent on performance) contract. This may avoid 'conflicts-of-interest' and a wrong balance between quality and quantity."

It was suggested that Local Representatives should be responsible for more than just acquisition. An overview of the actions taken by PUM with regard to the above mentioned recommendations is presented in table 3.6:

Table 3.6 Actions taken by PUM with regard to the NEI recommendations on the LR

Recommendation	Actions taken by PUM
a)	This has remained a core activity of the Local Representatives.
b)	In practice in most cases PUM approaches the applicant directly if additional information is required from the applicant.
c)	As a standard PUM procedure this is done by the Country Coordinator with input from the LR, not by the Local Representative himself.
d)	Several Local Representatives stay in contact with the applicant during and/or after project completion, but this is not a standard requirement of PUM.
e)	Some Local Representatives maintain (irregular) contacts with the recipient after project completion, but this is not a standard requirement of PUM.
f)	According to our findings this is not a standard procedure within PUM.
g)	The CC is sometimes informed by the LR during his PBR's and in case when necessary (political environment, safety situation, etc).

Source: NIBConsult (interviews and field research)

As explained, it was also advised in the previous evaluation to try out another remuneration policy in one or two regions, in which the Local Representative is given a fixed annual amount on the basis of

a contract (annually renewable dependent on performance). According to the evaluators this would help to avoid 'conflicts-of-interest' and a wrong balance between quality and quantity. PUM has not implemented this recommendation as PUM is afraid that this would create a labour relation between PUM and the Local Representative. Moreover, a fixed fee of EUR 400 per project is considered as a build-in effectiveness driver. Note: the Local Representative receives 80% of this amount when the expert is on a project. The remaining 20% is only paid after the evaluation form has been completed by the applicant. Under research question 5 we will further elaborate on the remuneration policy for the Local Representatives.

With regard to the recommendations on the LR it can be concluded that most recommendations have not been implemented by PUM.

## 9. Transparency towards PUM advisers

The recommendation as formulated by NEI:

"The following should, in addition to general information, like objective of NMCP, code-of-conduct etc., be clearly communicated to all advisers:

- a) Vacancies for (volunteers) staff positions.
- b) The reasons why some experts are invited more often than others (sector priorities, country experience).
- c) All responsibilities expected from the adviser, i.e. arrangement of follow-up.
- d) Conditions for other NMCP products (business link etc)."

It was recommended that these recommendations should, in addition to general information (like objective of PUM, code-of-conduct etc.), be clearly communicated to all advisers. Table 3.7 presents an overview of the actions taken by PUM with regard to the above mentioned recommendations.

Table 3.7 Actions taken by PUM with regard to NEI recommendations on the transparency towards advisers

Recommendation	Actions taken by PUM
a)	There were no clear selection procedures for staff volunteers during the previous evaluation period. The management chose not to start open application procedures but to select them by themselves. Some experts complained about the lack of transparency in the selection of volunteer staff. At present, there is a list of potential candidates available for the function of staff volunteer. On the basis of the interviews it was concluded that the selection process is still not very transparent, as there are several cases where staff volunteers were selected who do not appear on this list.
b)	This has changed to the extent that at present it is policy to send experts on a maximum of two project projects per year, although in practice some experts perform more than two projects per year.
c)	Each expert has a briefing meeting with the Country Coordinator before he/she leaves for a project. The expert also receives a briefing map, which contains internal information about the responsibilities expected, including the arrangement of follow-up projects.
d)	The above mentioned briefing map also contains information about the other products PUM has on offer (BLP, training programme, etc).

Source: NIBConsult (interviews and field research)

The recommendation on the transparency towards the PUM advisers has been partly implemented by PUM. In particular the assignment of staff volunteers is still not transparent. For further information on this topic, see chapter 5, question 6.

#### 10. Quality of the administration

The recommendation as formulated by NEI:

"The above implies that at certain points the administration may be improved, e.g. become more quality-oriented."

With the introduction of the PRINS database, the administration on the projects undertaken has clearly improved. The database contains all relevant information on individual projects (from intake up to evaluation and survey) and enables to produce different kinds of analyses on the performance of the programme. With respect to the actual quality of the information we found the information of the database is not always complete and relies very much on the quality of the input of the persons (experts, the companies and the CC's) providing this sort of information.

With regard to the recommendation on the quality of the administration it can be concluded that it has been partly implemented by PUM.

For further information on this topic, see chapter 5, question 8 and 9 and chapter 6, question 14.

#### 11. Reach and coverage of the Programme

The recommendation as formulated by NEI:

"The above may imply that the regional coverage of NMCP diminishes. This consolidation may only make the programme easier to manage, and should not be seen as a loss. NMCP should not maintain a network in countries where the government openly does not support the private sector."

PUM did not diminish the regional coverage of the programme (except for countries that became members of the European Union or when countries were excluded from the DAC list).<sup>33</sup> Other similar programmes have little to do with the government and communicate directly with the private sector. Therefore it is not in question if a government openly supports the private sector or not. PUM sees no draw-backs in participating in a country without open support to the private sector. Moreover, by supporting the private sector in these countries one could state that this could influence governments in a positive manner.

With regard to the recommendation on the reach and coverage it can be concluded that for reasons indicated above it has not been implemented by PUM. For further information on this topic, see chapter 6, question 16.

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<sup>33</sup> To this extent, PUM only operates in the poorest countries mentioned on the DAC-1 list (first column).

## Conclusion

In general it can be concluded that many recommendations of the previous evaluation have been implemented. This is partly due to the fact that many of these proposed changes were already set in motion at the time the recommendations were done. A summary of the extent to which the NEI-recommendations have been implemented is presented in table 3.8.

Table 3.8 The extent to which the NEI-recommendations have been implemented

Recommendation	Implemented completely	Implemented partly	Not implemented	Remarks
Unambiguous definition of the objective	x			
Target group and selection criteria		x		Although PUM did accentuate its intake criteria, it did not follow-up the specific recommendations on the target group
Guidance and supervision	x			
Intake	x			
Mission duration, exit strategy	x			
Follow-up		x		Although PUM did change its FU policy, it did not introduce the suggested work plan
Monitoring	x			
Profile of the Local Representative		x		Some of the tasks recommended are not executed by the LR. The allowance scheme of LR's has not been changed
Transparency towards PUM advisers		x		Although PUM did follow-up most of these recommendations, some experts complain about the lack of transparency in the selection of volunteer staff (although PUM took some measures in this respect)
Quality of the administration		x		A further quality improvement is required.
Reach and coverage of the Programme			x	PUM has not decreased the reach and coverage of the programme

Source: NIBConsult

## 3.3 Conclusions

In this chapter, a factual overview of the main developments in the PUM organisation during the evaluation period has been presented. The activities of the PUM organisation have significantly increased throughout the evaluation period. This conclusion is supported by the growth in both the number of employees (from 100 in 2001 to 165 in 2005) and the number of projects (from 1,600 in 2001 to 1,800 in 2005). In addition, the organisation has experienced some significant operational developments, of which the introduction of the PRINS database is perhaps the most important one. Finally, the main developments in the PUM project portfolio are examined. Throughout the evaluation period PUM has increased its focus on both SME companies and follow-up projects.

Many recommendations of the previous evaluation have been implemented. This is partly due to the fact that many of these proposed changes were already set in motion at the time the recommendations were made.

## 4 Policy relevance of PUM

### 4.1 Introduction

In this chapter, the policy relevance of the PUM programme will be examined. In the Terms of Reference, policy relevance is defined as:

*“... the extent to which PUM-projects fit the policy objectives of EZ, DGIS and PUM as well as the priorities and needs of the target group/clients”.*

The ToR further specifies *policy relevance* with the following operational questions:

3. To what extent do the PUM projects fit:
  - a) the objective of the Directorate General for International Co-operation (DGIS) to stimulate the private sector in developing countries in the framework of poverty reduction?
  - b) the objective of the Ministry of Economic Affairs (EZ) to create favourable conditions for international economic activities of the Dutch private sector?
  - c) the needs and priorities of the applicants?
4. To what degree did the project results contribute to the objectives of the programme?

These two questions will subsequently be examined under questions 3 and 4 of the ToR, taking into account that the first question deals with the project results in relation to the objectives of the ministries, as well as the needs and priorities of the applicants, while the second question deals with the project results in relation to the objectives of the programme itself.

With regard to the questions above it should be mentioned that these are not related to measuring the *impact* of the individual projects. Compared to infrastructure projects (for example potable water projects), the impact of PUM interventions (with a substantial focus on SME companies) is very difficult to assess: methodologically speaking, the impact should be restricted to a 1 on 1 relation with the PUM project and isolated from all other environmental factors (including cultural influences) in which a company operates. These conditions would imply an in-depth field research that would be much more elaborate than the one conducted during this evaluation. According to the ToR, this evaluation should be performed particularly by means of desk research; the field research is meant to illustrate and verify the results of the desk research. The impact on individual projects can therefore not be assessed on the basis of desk research.

The above implies that inevitably there are restrictions to the evaluation of the policy relevance of the PUM programme. For a significant part, the available information that is stored in the PRINS database contains perceptions of the various persons involved (applicants, experts and CC's). Other information that is used is gathered through field research (which has made it possible to combine the perceptions with our own observations), the interviews and questionnaires. In addition, the local context of the projects (i.e. regarding politics, economics and legislation) also influences the project results. In the evaluation, these factors will not be assessed, due to the limited scope of the field research, as explained before.

## 4.2 Questions

### Question 3

*To what extent do the PUM projects fit:*

- a) the objective of the Department of International Cooperation to stimulate the private sector in developing countries in the framework of poverty reduction?*
- b) the objective of the Ministry of Economic Affairs to create favourable conditions for international economic activities of the Dutch private sector?*
- c) the needs and priorities of the applicants?*

For answering this question the results of the projects in relation to the objectives of DGIS and EZ and the needs and priorities of the applicants will be examined.

*3a) To what extent do the PUM projects fit the objective of the Directorate General for International Co-operation to stimulate the private sector in developing countries in the framework of poverty reduction?*

It is not the intention to go into a discussion on the effects of private sector development with respect to poverty reduction, as has been discussed in a policy paper of the Minister for Development Co-operation some years ago, called "Entrepreneurship against poverty". We agree with the statements of the previous evaluators that there are (at least) strong indications that a healthy SME sector is of vital importance for a national economy.<sup>34</sup>

- Representing the most efficient mode to produce a wide array of goods and services, for private customers but also for other enterprises;
- Being the most effective way to capture entrepreneurial skills, present in any society;
- Providing employment for a large share of the labour force (in many western economies over ninety percent).

With regard to these indicators the current evaluation has produced some new insights through the various research methods desk research, field research, the questionnaire and interviews. Below the results of these different research methods will be presented.

### *Results PRINS Database*

The PRINS database contains information on the effects of the PUM assistance for the applicants with respect to a number of aspects, such as the quality of current products, efficiency, market share and company turnover. Under question 9 an assessment has been made on the overall results stored in the PRINS database. Although it was found that in general a positive assessment on these aspects was made, it is difficult to draw firm conclusions as the registration of these aspects only started mid 2004 (after a change in the forms). This makes it very difficult or impossible to discover or verify any trends throughout the evaluation period.

### *Results from Questionnaires*

In all questionnaires Experts, Country and Sector Coordinators and Local Representatives were asked if PUM meets the objective of poverty reduction. In table 4.1 an overview is given of the responses.

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<sup>34</sup> The indicators presented below are taken from the previous evaluation report (chapter 4.3.1).

Table 4.1 Response to the question “(to what extent) does PUM meet the objective of poverty reduction?”

	<i>Yes</i>	<i>No</i>	<i>good-excellent</i>	<i>Sufficient</i>	<i>Poor</i>
Experts*	78%	6%			
Country Coordinators			58%	39%	3%
Sector Coordinators			55%	35%	10%
Local Representatives			33%	56%	11%

\* 16% of the experts don't know

Source: Questionnaires NIBConsult

From the questionnaire it can be concluded that on average about 90% of the respondents think that PUM activities contribute to poverty reduction in a *sufficient* to *excellent* way. Depending on the local context where the SME sector is operating, poverty reduction could be achieved as an effect of employment creation, particularly in case employment is created for unskilled labour.

More than 80% of the respondents to the questionnaires find that PUM activities strengthen the development of the local economy. The findings are presented in table 4.2.

Table 4.2 Response to the question “to what extent does PUM contribute to the development of the local economy?”

	<i>good-excellent</i>	<i>sufficient</i>	<i>Poor</i>
Country Coordinators	88%	9%	3%
Sector Coordinators	84%	16%	
Local Representatives	83%	16%	1%

Source: Questionnaires NIBConsult

### *Results Field Research*

The results of the field research showed several cases where the PUM projects contributed to an improvement of the quality of products produced, the efficiency and the turnover of the SME companies assisted. Moreover, it was found that in more than half of the companies visited employment has been created as a (direct or indirect) effect of the PUM advice provided.<sup>35</sup> Referring to the indicators mentioned in the introduction of this question and taking into account all limitations, it is fair to conclude that the field research shows that in many cases the projects visited (could) contribute to the development of the local economy and to the strengthening of the private sector. For detailed information regarding the field research reference is made to Annex 4.1.

### Conclusion

It is difficult to measure the real effects of PUM support in terms of poverty reduction. However, the results from the PRINS database, questionnaires and field research show that there are indications that PUM support has positive effects on the local economy in creating employment and economic growth of companies. Hence, it is concluded that the PUM projects fit into the objective of DGIS to stimulate the private sector in developing countries in the framework of poverty reduction.

<sup>35</sup> Out of 48 companies visited, for 4 companies the employment effects were considered “excellent”, for 14 companies “good”, for 9 companies “sufficient”, for two companies “poor” and for 19 companies “not applicable”. So, for more than half of the companies visited, employment effects were attributed to the PUM advice. See Annex 4.1 for details.



*3b) To what extent do the PUM projects fit the objective of the Ministry of Economic Affairs to create favourable conditions for international economic activities of the Dutch private sector?*

From the EZ perspective it is important to understand to what extent PUM projects contribute to creating favourable conditions for the Dutch business community. In this respect, one could think about the improvement of export opportunities or the increase of investment possibilities for Dutch companies.

Below the results of the different research methods are presented. It must be noted that Dutch companies have not been approached directly for this evaluation, but one could say indirectly through interviews with experts. In addition, reference is made to chapter 7, questions 17-21, where the subject "*business contacts as a result of PUM advice*" will be dealt with, both for EZ and DGIS countries. The focus in this particular question is the relation between PUM and the Dutch business community, as far as the EZ countries are concerned.

*Results PRINS database*

In the PRINS database data on the number of trainings/BLP's are stored. Under question 17, the number of BLP's is presented. In anticipation to chapter 7, it can be concluded that PUM complies with the EZ objective to create favourable conditions for international economic activities of the Dutch private sector.

*Results Field Research*

From the field research we learned that it is possible for PUM to create favourable conditions for the Dutch private sector. In Bulgaria we noticed 3 specific cases (out of 10) whereby Dutch companies were involved (as exporter, hotel manager and importer). In Russia we visited 4 companies (out of 9) who imported equipment from The Netherlands. As we only visited two EZ countries it is difficult to make an overall statement. However, the findings from our field research in Bulgaria and Russia can be considered positive.

*Results Questionnaires*

In the questionnaire respondents were asked their opinion on the contribution of PUM for creating opportunities for Dutch companies (table 4.3) and if they thought that PUM could do more for positioning Dutch companies (table 4.4). CC's and SC's were very positive in that respect, while LR's are slightly less positive. In chapter 7 we will further elaborate on the subject of business contacts established as a result of PUM projects. The detailed response from the questionnaires on this question is presented in table 4.3.

Table 4.3 Response to the question "to what extent does PUM contribute to creating opportunities for Dutch companies?"

	<i>good-excellent</i>	<i>sufficient</i>	<i>poor</i>
Country Coordinators	39%	49%	12%
Sector Coordinators	48%	39%	13%
Local Representatives	40%	37%	23%

Source: Questionnaires NIBConsult

In the questionnaire the respondents were also asked to indicate in what way the position of Dutch companies could be improved. The results are presented in table 4.4.

Table 4.4 Response to the question “are there ways to improve the positioning of the Dutch business community in relation to the PUM projects?” (multiple answers possible)

	Experts	Sector Coordinators	Country Coordinators
Yes, through matching Dutch companies with local foreign companies	63%	65%	69%
Yes, through cooperation with Dutch financial Institutions	47%	61%	63%
Yes, through utilising other programmes of the Dutch Government	39%	32%	44%
Other <sup>36</sup>	16%	23%	23%
Not possible	6%	0%	6%

Source: Questionnaires NIBConsult

The results of the questionnaires show that there is a consensus among experts, CC's and SC's that PUM can do much more to position the Dutch private sector. The means to create these opportunities are discussed in question 20.

### Conclusion

On the basis of desk research, the questionnaires and field research it is concluded that PUM projects generally fit into the objective of EZ to create favourable conditions for international economic activities of the Dutch private sector. The field research in Bulgaria and Russia confirms a substantial number of established business contacts.

### *3c) To what extent do the PUM projects fit the needs and priorities of the applicants?*

The initial needs and priorities of the applicants should be reflected in the formulation of the problem on the application form. As will be discussed more elaborate in chapter 5, question 5, the problem description does not always reflect the real needs and priorities of the applicants.

Below the results of the different research methods with regard to the needs and priorities of the applicants will be presented.

### *Results PRINS Database*

On the basis of the opinions of the experts stored in the PRINS database the problem description does not always reflect the real needs and priorities of the applicants. In 2005, 64% of the experts indicated that the initial problem definition described on the application form proved to be good to excellent, the remainder being sufficient to poor. PUM is aware of the fact that the correctness of the problem description remains a point of attention to the organisation. In question 5, some of the measures taken into consideration by PUM are presented.

<sup>36</sup> Some other suggestions made by the respondents included:  
- connections with European Union programmes;  
- connections with other Dutch NGO's (see also question 18).

### *Results Questionnaires*

In the questionnaires a selection of Country and Sector Coordinators as well as Local Representatives was asked if the respondents think PUM fits the needs and priorities of applicants. Table 4.5 presents the answers given.

Table 4.5 Response to the question "To what extent does PUM contribute to the needs and priorities of the applicants?"

<i>Needs and priorities of the applicants</i>	<i>good-excellent</i>	<i>sufficient</i>	<i>poor</i>
Country Coordinators	88%	9%	3%
Sector Coordinators	84%	16%	
Local Representatives	83%	16%	1%

Source: Questionnaires NIBConsult

Over 95% of the respondents find that PUM contributes to the needs and priorities of the applicants.

Overall, the results of the projects are rated very positive by the respondents. According to them some very positive results have been achieved.

### *Results Field Research*

In the field research the subject was also addressed. According to the interviewed persons (among applicants) in the field research some 80-85% of the projects met the needs and requirements of the applicants.

### Conclusions

Based on the results gathered through different research methods and taking into account all restrictions mentioned in this question, it is concluded that generally the PUM projects fit the objectives of both ministries and the needs and priorities of the applicants.

### Question 4

*To what degree did the project results contribute to the objectives of the program?*

The purpose of this section is to examine to what degree the project results did contribute to the objectives of the programme. First, it will be explained how project results and programme objectives are defined. In addition, it will be explained how these two concepts are related in practice. After this, the results of the projects will be presented and subsequently compared with the programme objectives.

### Defining the objectives of the programme and project results

#### *The objectives of the programme*

Under question 1, the Objectives of the PUM Programme, as they are formulated in the annual reports to their sponsors, were presented:

*"PUM strives to contribute to the growth of a viable SME sector in countries with a weaker economy than Western economies by temporarily dispatching experienced managers and specialists as volunteers or advisers in particularly these companies and when needed in relevant supporting organisations against minimal costs."*

On the PUM-Website a more elaborate explanation to these objectives is given:

*“The programme is geared towards fighting poverty and encouraging sustainable development in social free-market economies around the world. This goes hand-in-hand with building a healthy and free society. To accomplish this task, PUM strives to improve the business climate, stimulates the creation of new employment and assists with the changeover to cleaner means of production. In order to ensure a favorable business climate, PUM maintains close ties with foreign unions, employers' organisations, Chambers of Commerce and creditors. And last but not least, PUM mediates between clients and Dutch firms. Cooperation is essential to future development.”*

When summarising these two quotes, the following objectives can be identified:

- A sustainable development of the SME sector in countries with a weaker economy than in Western economies
- Fighting poverty
- The creation of new employment
- Changeover to cleaner means of production
- Strengthen relationships with the local Business environment
- Stimulating relationships between clients and Dutch firms

To the opinion of PUM, the first two objectives are strongly linked. As formulated on their website, PUM believes that *“ensuring a sustainable development of the private sector is the best way to fight poverty”*. By aiming at small and medium-sized firms, it is believed that the best results are achieved (this is already explained in chapter 3, question 2 ) for contributing to a sustainable development.

#### Type of project results gathered by PUM

As will be presented more elaborate in chapter 5, question 9, PUM gathers results on the projects executed, by collecting the opinions of experts (through a debriefing form), of the applicants (through an evaluation form) and of the Country Coordinators (for a selection of projects through a survey form). In the course of the evaluation period (mid 2004) the contents of these forms have been modified and extended.

It should be noted that neither EZ nor DGIS did formulate any reporting requirements with respect to the objectives of PUM as summarised above. Nevertheless, on two of these objectives PUM registers project results in the PRINS database, i.e. ‘Changeover to cleaner means of production’ and ‘Stimulating relationships between clients and Dutch firms’. The results of the forms with regard to these objectives will be discussed briefly below:

- Changeover to cleaner means of production:  
In the new debriefing form (that is used as from mid 2004), the expert is asked to indicate whether PUM assistance has contributed to improve the environment-friendliness of the applicant. As explained under question 9, the answers show a mixed impression. Based on the information of 2005, it shows that the effects of the project activities with regard to the improvement of the environment-friendliness of the applicants are limited on the programme as a whole. As the research was solely based on the information of one year it is not possible to formulate any firms statements in this respect.
- Stimulating relationships between clients and Dutch firms:  
The different forms show that PUM has paid special attention to stimulating the relationships between clients and Dutch firms. In both the debriefing and the survey form, the respondents are asked how they assess the need of the applicant for additional cooperation with Dutch organisa-

tions (such as trainings, BLP's, financial institutions). In chapter 7, it will be explained that the mediating role of PUM in general has a positive effect on the relation between the clients and Dutch firms.

As mentioned, the information that is stored in the PRINS database is only in a few cases directly related to the programme's objectives. This can be explained by the fact that the objectives are formulated on a higher aggregated level than that on the level of an individual project. For example, it is therefore not possible to derive from the database whether a sustainable development of a particular SME sector is achieved or if the projects have contributed to poverty alleviation. PUM has not developed indicators to measure these objectives and, hence, does not collect information on these objectives. As mentioned before, EZ and DGIS did not formulate any reporting requirements with respect to these objectives. Moreover, it should be mentioned that the nature of these objectives make it very difficult to measure the results on these objectives in a direct way.

As the PRINS database does not provide this sort of information it is impossible to come to any findings or conclusions with respect to the question whether the project results contribute to the objectives of the programme. The same holds for the results of our field research. As explained in the introduction to this chapter, the scope of the field research is too limited to arrive at findings that can be related directly to these specific objectives.

In order to give at least some impressions of the contribution of the PUM projects to the programme's objectives, it was decided to focus on the overall objective mentioned in the annual reports of PUM: *"the contribution to the growth of a viable SME sector"*. For this purpose, the PRINS database does register the effects of the expert recommendations on different aspects of the applicants, which are collected on the basis of the opinions of the experts, companies and the Country Coordinators. The information on these aspects (which is collected as from mid 2004) refers to the effects of the recommendations on<sup>37</sup>:

- Quality of current products/services
- Development of new products/services
- Efficiency
- Market share
- Company turnover
- Labour conditions
- Access to finance
- Profitability

Although there are quite some limitations to the contents and reliability of this information (e.g. it contains the perceptions of persons directly involved, which could be biased, and the information is only presented in qualitative terms), the information collected gives a (very) rough indication on the effects of the PUM advice on a number of aspects that can be related to the performance of the SME companies; positive opinions on these aspects provide some indications that the PUM advice has contributed to the growth of the company. One remark with respect to this approach must be made however: it is not suggested by the evaluator that when all of the PUM recommendations have been implemented successfully, this will necessarily result in a growth of a more viable SME sector. In this regard, the local context in which the SME's operate (such as local politics and legislation) should be taken into account.

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<sup>37</sup> In most cases, the answers have a qualitative nature (i.e. "excellent", "good", "sufficient", "poor" or "not applicable"). Also the possibility exists to leave a question unanswered.

So, although the above mentioned information has limitations, it provides at least a very rough indication on the effects of the PUM advice on the SME companies and, on an aggregated level, on the contribution to the SME sector. Moreover, within the scope of the field research it was possible to evaluate the results on the above mentioned aspects on a selection of projects and to compare these results with the information on the same aspects which is stored in the PRINS database. Below, the results of the information that is gathered through the PRINS database and field research will be presented.

### The project results

In this section the result of the information that is gathered through the field research is discussed and compared to the information stored in the PRINS database.

#### *Field research*

During the field research, the results on the aspects discussed before have been collected for a selection of projects. These results are presented in Annex 4.1. Moreover, this annex presents some additional aspects, which are briefly discussed here. It should be noted that the aspect *“results in relation to costs”* reflects the opinion of the applicant, while the aspect *“overall judgement”* reflects the opinion of the evaluator. In addition, the evaluator added the aspect *“unskilled labour created”*, as this aspect might indicate (depending on the local context where the SME company operates) if the PUM advice may contribute to poverty alleviation. With regard to the latter aspect, it must be stressed that, as is indicated in the introduction of this chapter, the field research is *not* representative to come to a firm and well balanced conclusion on this issue. The remarks below regarding this aspect must therefore be taken with some reservation.

Below a general impression of the countries that are visited in the field research will be presented. Hereby, a distinction between DGIS and EZ is made.

Results from the field research in DGIS countries:

- **Kenya/Uganda:**

The overall impression on the projects visited in Kenya is positive. All of the five applicants (3 companies and 2 enabling environment organisations) that have been visited by the evaluator, have benefited from the PUM support. These five applicants received seven times project assistance. In five cases, the effect of these interventions can be qualified as “sufficient”, while in two cases, the effect of these interventions can be qualified as “good”.

The effects of the recommendations on the aspects “quality of current/new products” and “efficiency” are generally assessed as “good”, while effects on other aspects such as “labour conditions” and “company turnover” were not registered. The effect of the recommendations on the creation of unskilled labour appeared to be limited.

With regard to Uganda, the overall impression is somewhat more diverse. In Uganda five applicants (4 companies and 1 enabling environment organisation) have been visited. These five applicants received nine times PUM assistance. In seven of these cases applicants have benefited from the PUM support (1 excellent, 4 good and 2 sufficient). In two follow-up visits, however, the effect of these interventions are qualified as “poor”.

The effects of the recommendations are concentrated on the aspects “efficiency” and “quality of current products” and are generally assessed as “good” or “excellent”. The effects of other aspects such as “labour conditions”, “employment effect” and “company turnover” appeared to be limited or not applicable. The effect of the recommendations on the creation of unskilled labour also appeared to be limited.

- **Peru:**  
The overall impression of the evaluator on the projects visited in Peru is quite positive. All of the nine applicants (8 companies and 1 enabling environment organisation) that have been visited by the evaluator, have benefited from the PUM support. These nine applicants received twelve times project assistance. In eight cases, the effect of these interventions can be qualified as “good”, in two cases, the effect of these interventions can be qualified as “excellent” and in the remaining two cases, the effect of these interventions can be qualified as “sufficient”.  
The effects of the recommendations on the aspects “quality of current products” “efficiency”, “employment effect”, “company turnover” and “other results” are generally assessed as good, while the effects on other aspects such as “quality of new products” and “labour conditions” appeared not to be applicable. The effect of the recommendations of the creation of unskilled labour appears to be visible in a few cases in Peru.
- **India**  
The overall impression of the evaluator on the projects visited in India is very positive. All of the ten companies that have been visited by the evaluator have benefited from the PUM support. In five cases, the effect of these interventions can be qualified as “good”, in four cases, the effect of these interventions can be qualified as “excellent” and in the remaining case, the effect of the intervention can be qualified as “sufficient”.  
The effects of the recommendations on almost all of the aspects that have been examined are assessed “positive” (in most cases “good”). The effect of the recommendations of the creation of unskilled labour appears to be sufficient.

Results from the field research in EZ countries:

- **Bulgaria:**  
With regard to Bulgaria, the overall impression is somewhat more diverse. From the ten companies that have been visited, six companies have benefited from the PUM support (4 excellent, 2 sufficient). In four cases, however, the effect of these interventions are qualified as “poor”.  
The effects of the recommendations on almost all of the aspects that have been examined present a “positive” image, although there is some variation in the answers given. The effect of the recommendations of the creation of unskilled labour also appears to be somewhat diverse.
- **Russian Federation:**  
The overall impression of the evaluator on the projects visited in the Russian Federation is positive. All of the nine companies that have been visited by the evaluator have benefited from the PUM support. In five cases, the effect of these interventions can be qualified as “good”, in three cases, the effect of these interventions can be qualified as “sufficient” and in the remaining case, the effect of the intervention can be qualified as “excellent”.  
The effects of the recommendations on the aspects “quality of current/new products” “efficiency” and “other results” are generally assessed as positive, while the effects of other aspects such as “labour conditions” and to a lesser extent “employment effects” and “company turnover” appeared “not applicable” in most cases. The effect of the recommendations of the creation of unskilled labour also appears to be limited.

#### *Results of field research compared to the results of the PRINS database*

For matters of illustration and verification, the results gathered during field research are compared with the results on the same selection of projects which is stored in the PRINS database. This is done on the same aspects as presented before. The results are presented in Annex 4.2. Annex 4.2 also

contains information on the employment effect, which is not stored in the PRINS database. The results of this comparison are presented below.

- Results of the comparison in DGIS countries:

With regard to all DGIS countries visited (Kenya, Uganda, Peru and India), the field research confirms the results in the PRINS database;

- Results of the comparison in EZ countries:

The field research in *Bulgaria* shows a somewhat less positive result on the aspects mentioned above compared to the results in the PRINS database. With regard to the *Russian Federation*, the results of the field research present a somewhat mixed image: in approximately half of the projects visited, the results of the PRINS database are more or less confirmed. For the remaining projects, the field research is somewhat less positive, although the overall impression is still "sufficient".

Table 4.6 summarizes for each ministry the results for the aspects that were included both in the field research and in the PRINS database.

Table 4.6 Project results field research compared to information stored in the PRINS database

#### DGIS

		Excellent	Good	Sufficient	Poor	n.a.
Quality current products						
	PUM-forms	24%	60%	6%	0%	10%
	Field	16%	61%	8%	0%	16%
Quality new products						
	PUM-forms	28%	48%	13%	0%	11%
	Field	8%	47%	0%	0%	45%
Efficiency						
	PUM-forms	23%	57%	7%	3%	10%
	Field	18%	66%	5%	0%	11%
Company turnover						
	PUM-forms	21%	44%	6%	3%	26%
	Field	11%	37%	11%	0%	42%
Labour conditions						
	PUM-forms	10%	37%	10%	3%	39%
	Field	0%	34%	8%	0%	58%
Results in relation to costs						
	PUM-forms	64%	36%	0%	0%	0%
	Field	34%	61%	5%	0%	0%



## EZ

	Excellent	Good	Sufficient	Poor	n.a.
Quality current products					
PUM-forms	33%	56%	7%	0%	5%
Field	4%	36%	14%	7%	39%
Quality new products					
PUM-forms	32%	57%	11%	0%	0%
Field	19%	56%	4%	4%	19%
Efficiency					
PUM-forms	32%	45%	16%	0%	7%
Field	4%	36%	32%	0%	29%
Company turnover					
PUM-forms	27%	45%	9%	0%	18%
Field	8%	46%	4%	4%	38%
Labour conditions					
PUM-forms	26%	42%	9%	0%	23%
Field	4%	18%	29%	0%	50%
Results in relation to costs					
PUM-forms	65%	30%	4%	0%	0%
Field	21%	54%	21%	4%	0%

Source: PRINS database, field research

The results show no big differences. The evaluator was less generous with the qualification “excellent” compared to the PRINS database. In addition, the evaluator was more frequent of the opinion that an aspect was “not applicable”.

## Conclusions

The question to what degree the project results contribute to the objective of the programme proved to be difficult to answer. Neither EZ nor DGIS did formulate any reporting requirements with respect to the objectives of PUM. Besides, the nature of these objectives make it very difficult to measure the results on these objectives in a direct way. As a result, PUM has not developed indicators to measure the long-term objective of the programme (poverty reduction) and, hence, does not gather information on these objectives in the PRINS database. Moreover, the scope of the field research is too limited to arrive at findings that can be related directly to these specific objectives.

In order to give at least some impressions of the contribution of the PUM projects to the objectives of the programme, it was decided to report on the effects of the PUM advice on different aspects stored in the PRINS database, which can be related to the overall objective mentioned in the annual report of PUM: *“the contribution to the growth of a viable SME sector.”* Moreover, within the scope of the field research it was possible to evaluate the results of the PUM advice on the same aspects and to compare these with the results stored in the PRINS database.

The overall impression of the evaluator on the projects visited in DGIS countries is quite positive, particularly in India. In Uganda, the overall impression is somewhat more diverse. In general the field research in DGIS countries confirm the results stored in the PRINS database. The overall impression of the evaluator on the projects visited in EZ countries is positive, particularly in Russia. With regard to the project visited in Bulgaria, the overall impression is somewhat mixed. Although the impressions

from the field research in EZ countries was slightly less positive compared to the results in the PRINS database, the impression is still positive.

### 4.3 Conclusions

- It is difficult to measure the real effects of PUM support in terms of poverty reduction. However the results from the PRINS database, questionnaires and field research show that there are strong indications that PUM support has positive effects on the local economy in creating employment and economic growth of companies. Therefore, it is concluded that the PUM projects fit into the objective of DGIS to stimulate the private sector in developing countries in the framework of poverty reduction.
- For EZ countries it is concluded that the project results comply with the objective to create favourable conditions for international economic activities of the Dutch private sector;
- Based on the results gathered through different research methods and taking into account all restrictions mentioned above, it can be concluded that the PUM projects fit the objectives of both ministries and the needs and priorities of the applicants.
- The question to what degree the project results contribute to the objective of the programme proved to be difficult to answer. Neither EZ nor DGIS did formulate any reporting requirements with respect to the objectives of PUM. Besides, the nature of these objectives make it very difficult to measure the results on these objectives in a direct way. As a result, PUM has not developed indicators to measure the long-term objective of the programme (poverty reduction) and, hence, does not gather information on these objectives in the PRINS database. Moreover, the scope of the field research is too limited to arrive at findings that can be related directly to these specific objectives.
- In order to give at least some impressions of the contribution of the PUM projects to the objectives of the programme, it was decided to report on the effects of the PUM advice on different aspects stored in the PRINS database, which can be related to the overall objective mentioned in the annual report of PUM: *"the contribution to the growth of a viable SME sector."* Moreover, within the scope of the field research it was possible to evaluate the results of the PUM advice on the same aspects and to compare these with the results stored in the PRINS database.
- In this respect, the overall impression of the evaluator on the projects visited in DGIS countries is quite positive, particularly in India. In Uganda, the overall impression is somewhat more diverse. In general the field research in DGIS countries confirms the results stored in the PRINS database.
- The overall impression of the evaluator on the projects visited in EZ countries is positive, particularly in Russia. With regard to the projects visited in Bulgaria, the overall impression is somewhat mixed. Although the impressions from the field research in EZ countries were slightly less positive compared to the results in the PRINS database, the overall impression is still positive.

## 5 Effectiveness of PUM

### 5.1 Introduction

In this chapter, the effectiveness of the PUM programme will be examined. In the Terms of Reference, effectiveness is defined as the extent to which the direct results (output) contribute to the objectives of the programme and the extent to which the organisation and the mode of operation of PUM (policy process and business processes) serve the realisation of the objectives of the programme.

The ToR further specifies effectiveness with the following operational questions:

5. To what extent was the identification and selection of projects, the support and aftercare by the Local Representative useful (handling activities from application up to the completion of the project)?
6. To what extent is the employment of the middle management of Sector- and Country Coordinators, which fully consists of volunteers, effective? (quality of volunteers and personnel)
7. What measures has PUM taken to increase the effectiveness of the organisation and with what results?
8. To what extent is the registration and reporting, both on individual and programme level, sufficiently managed to monitor the programme's effectiveness?
9. To what extent has the monitoring of the effects of the programme contributed to the effectiveness of the programme?
10. To what extent is the implementation and the execution of the implemented policy for follow-up projects effective?
11. To what extent are the products "training and business links" effective in relation to the objectives of both Ministries?

These questions will be answered and followed by conclusions for each question. Section 5.3 presents final conclusions with regard to the effectiveness of the PUM programme. Recommendations will be made in chapter 10.

It should be noted that in answering these questions also some efficiency aspects will be addressed. For example, question 5 includes an evaluation of the handling activities of the Local Representatives, which prompted to address some efficiency aspects as well in answering this question.

### 5.2 Questions

#### Question 5

*To what extent was the identification and selection of projects, the support and aftercare by the Local Representative useful (handling activities from application up to the completion of the project)?*

In this section we will analyse the effectiveness of the handling activities conducted by the LR's. The following subjects will be described in this section:

- Tasks and responsibilities
- Current profile of the Local Representatives
- Performance of Local Representatives
- Allowance of Local Representatives
- Recruitment of Local Representatives
- Measures taken by PUM during the evaluation period
- Conclusions.

The recommendations can be found in chapter 10.

#### Tasks and responsibilities

The Local Representatives (LR's) live and work in the countries where PUM is active. The LR is responsible for:

- The acquisition and identification of applicants
- Supporting the applicant with defining the assistance required
- Supporting the expert during his project
- Aftercare: this includes taking care of the evaluation form and keeping contact with the applicant. It is the LR's responsibility to check if additional support is needed. This can be a follow-up project or a training or business link in the Netherlands.

The quality and performance of the LR is crucial in many aspects, as they are responsible for identifying the companies that need the assistance of PUM support and for supporting these companies when they apply for PUM support. Together with the CC's the LR's play an essential role in the acquisition, preparation and support of projects and thus in the performance and the effectiveness of the PUM programme as a whole.

In the previous evaluation it was recommended that the LR should be responsible for more than acquisition. It was suggested that the LR should – besides acquisition – also focus on:

- Providing background information on applicants to facilitate the intake decisions;
- Briefing and supporting the experts;
- Pointing out to the experts features in the local environment that may be essential for the assignment;
- Debriefing the applicant;
- Maintaining contacts with the client between projects and oversee the follow-up process;
- Providing PUM and in particular the CC with all relevant information on his country.

As explained in chapter 3, question 2, most of these recommendations have not been implemented by PUM.

#### Current profile of the Local Representatives

In 2004 PUM has conducted a survey among the LR's. In order to get more insight into the profile of the LR. Some of the results are presented below:

- 60% of the LR's are men, 40% are women;
- The age of the LR varies from 25 to 70. The average lies around 45 years old;
- 75% of the LR's have a local nationality, whereas 21% have the Dutch nationality;
- 65% of the LR's work for PUM between 0-4 years, 25% of the LR's work for PUM between 5-10 years, whereas another 10% of the LR's work for PUM longer than 10 years.

Like the staff (volunteers) in the PUM headquarters in the Hague, the number of LR's has also increased significantly during the evaluation period. In 2001 the number of LR's was 185, in 2005 the number of LR's had increased to 220.

### Performance of Local Representatives

In this section we will elaborate on the performance of the LR's. This will be done according to the following subjects:

- Acquisition and identification of projects
- Assistance offered to the applicants
- Contact with PUM Headquarters
- Assistance offered to the experts
- Aftercare
- Average time spent per project

#### *Acquisition and identification of projects*

An important task for the LR's is to identify new applicants. From the questionnaire 93% of LR's that responded, mention that they make use of their network. Local organisations (such as employers organisations, branch organisations and Chambers of Commerce) are also used as sources for new contacts. However the appreciation of these contacts is rather mixed. This is partly due to the overall performance and standing of local organisations such as the Chamber of Commerce and the political environment in the country.<sup>38</sup> Another source for new contacts is the business network of the LR. We have met some LR's with a very well developed local business network, both with respect to local organisations and specific companies.

The ability to identify new prospects as well as commercial feeling is crucial for LR's. Presentations among members of local organisations, conferences organised by the LR for specific target groups or seminars on a specific topic (conducted by a PUM expert) prove to be very useful sources for new contacts. In Russia, for example, we attended a conference, where the PUM programme was presented by the LR and the CC to some 35 locally based companies. Four companies that benefited from the programme told the audience about their experiences with great enthusiasm. Immediately after the conference, the LR and the CC made some 10 appointments with interested companies.

Another means to attract new applicants is to advertise. The LR's we met during field research, have quite different experiences with advertising. Some of them could identify new applicants, others responded that advertising does not yield good results.

In the questionnaire on average 53% of the LR's responded that they experience sometimes problems with contacting suitable new applicants. 29% of the LR's responded that they often have such problems. In this respect there are some regional differences observed. In DGIS countries 38% of the LR's often experience problems with contacting suitable new applicants (particularly in Africa where 53% of LR's often experience problems) and 43% sometimes experience problems in this respect. In EZ countries only 10% of the LR's responded that they often experience such problems, whereas 75% of them sometimes experience problems in contacting suitable new applicants.

Some of the problems with respect to acquiring projects mentioned in the questionnaires and interviews were:

- Lack of promotion material of good quality. New applicants ask for experience or references of similar PUM projects in their field and want to have information on outputs and results. Some LR's mentioned they would like to have examples of eye-catching projects per sector. Some of the LR's we interviewed complained about the quality of articles and pictures in the leaflet "Managers WorldWide";

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<sup>38</sup> See chapter 8, question 22 for further details.

- Sometimes cultural problems play a role. In Africa an LR mentioned that there is a high level of 'suspicion' on how such a good service can be offered for free. There it takes time to build up a relationship, often through multiple visits and references from previous PUM clients.

The LR's were also asked to express their opinion on the *intake criteria*. Almost 40% of the LR's responded in the questionnaire that they sometimes encounter problems that are related to the intake criteria (the PUM "top 10 priority rules").<sup>39</sup> Some of the problems mentioned with respect to the intake criteria were:

- At least 2 years in operation (criterion 3). Sometimes newly established firms eagerly request for PUM support to overcome post-implementation hurdles during the start-up period;
- At least 10 employees (criterion 4). Especially 100% indigenous owned companies often have less than 10 employees (according to an LR from Africa). Several LR's mention that in particular small companies are often not able to pay for the local expenses of the expert.

It should be noted that nearly 90% of the CC's responded in the questionnaire that they rate the match with intake criteria good to excellent.

In the end the results of acquisition efforts can be reflected in figures. In 2004, PUM has investigated the performance of the LR's with respect to the number of projects conducted by the LR's. On average 32% of some 200 LR's conducted more than 10 projects per year, while 42% conducted less than 5 projects per year. The latter can be considered as a very unsatisfactory score. PUM has strived to replace less performing LR's in the past years. A more detailed view on the statistics shows that the percentage of LR's conducting less than 5 projects annually has decreased in the past years. Obviously some improvements have been realised yet as 85% of the CC's responded in the questionnaire that they value the acquisition activities of the LR's good to excellent.

#### *Assistance offered to the applicants*

When a company wants to apply for PUM support, it can do so by filling out an application form. If needed, the applicant can ask the Local Representative for assistance. The role of the Local Representative is to check whether the form is filled out correctly and if the problem and required assistance are clearly stated. Applications which are submitted directly by the applicants through the internet, are sent prior to the LR for approval.

During our field research it was observed that the vast majority (90%) of the applicants visited are positive about the service provided by the LR's. In general the applicants responded that the service provided was of good quality and on time. Particularly the applicants that experienced problems in defining the required services highly appreciated the assistance provided by the LR. In some countries LR's assist on improving the English wording of the application. Some applicants mentioned that LR's seek contact with the applicant during and/or right after the execution of the project by the expert, which is not a standard procedure, but is appreciated by the applicants. One respondent, who resided far away from the LR, had never met the LR and would appreciate personal contact (although he appreciated the service offered).

Applicants basically demand support in describing the problem they have and describing the assistance requested from PUM. From the questionnaire, interviews and the field research the following responses from the LR's were recorded in this respect:

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<sup>39</sup> See chapter 3, question 1.

- Applicants sometimes are not capable of defining the problem;
- Some applicants cannot articulate the real needs in writing (e.g. it is discussed with the LR; then the applicant writes it in his own words; then the LR has to rewrite the assistance requested to make it understandable);
- Some applicants actually have other demands than initially described (e.g. the possibility to be introduced to export markets or to obtain finance);
- Some applicants cannot link the needs to the desired profile of the expert;
- There are many problems. The applicant cannot indicate priorities; a shopping list is written;
- There are various needs, which are not related and can often not be carried out by one expert.

As a result of this in many cases the real assistance required by the applicant does not correspond to the way it is initially formulated on the application (see also the results of the questionnaire, presented hereafter). In the past this has resulted frequently in wrongly defined requests for assistance. Clearly, this may have a negative impact on the effectiveness of a project project. Since 2005, PUM demands from the LR's that they have to check the application before it is submitted to PUM. As described before, LR's assist several of the applicants in their region in describing the assistance requested. Since this measure is implemented in 2005, we could not assess in our evaluation whether this policy change has resulted in positive effects for PUM.

In the questionnaire experts were asked how they perceived the problems as described by the applicants (multiple answers possible):

Table 5.1 The experts' perceptions of the problem descriptions

The problem was exactly the way I imagined it to be and could be solved	76 %
The problem was exactly the way I imagined it to be, but couldn't be (easily) solved	16 %
The problem was not as I imagined it to be, but could be solved	57 %
The problem was not as I imagined it to be and couldn't be solved	12 %
There was no problem	3 %
The problem could be solved by the company itself	8 %

Source: Questionnaire NIBConsult

The results show that more than half of the experts have experienced that the problems described did not meet the expectations, but nevertheless could be solved by the experts. PUM is aware of the fact that the correctness of the problem description remains a point of attention to the organisation. In the annual report 2005, PUM describes the following measures that were taken into consideration:

- To put a maximum on the number of projects per Country Coordinator, as this would provide the CC's more time for managing the LR's;
- To accentuate the appointment criteria for LR's, as these can influence the quality and the clearness of the applications to a large extent;
- To include an extra element in offering the CV to the applicant, such as including information about the expertise on offer and including questions about the applicant and the project to be executed. According to PUM the intention of such measure is to stimulate contacts between the applicant and the expert before the field trip, as this would increase the clarity of the applications before the project visit takes place.

The experts mostly mentioned the following suggestions in order to improve the problem description:

- Direct contact with the applicant before the expert leaves for his project. In many cases the description of the problem definition is too restricted and unclear and therefore needs clarification. By asking specific questions before the expert leaves this unclarity can be solved;
- Experts which are present in a specific region can be asked to visit other clients to assist them in defining the problem definition and the assistance needed;
- The LR should be more involved in the whole process. The functioning of the LR should be improved in that respect. A better analysis of the problem definition by the LR is required. In a number of countries it is difficult to expect from clients that they are able to clearly define the problem. Sometimes cultural aspects play a role. It was recommended by experts that the LR spends more time in determining the real problem;
- The selection of LR's should take into account the expected ability of the LR to clearly define specific problems with applicants. Also during the project the role of the LR should not be limited to a supporting role but should also include a substantive role;
- The SC should be more critical when deciding to agree with a project proposal and should ask more questions to clarify the problem definition.

#### *Contact with PUM Headquarters*

The LR's have frequent contact with the PUM headquarters, particularly with the Project Officers (PrOf's) and the CC's. From the questionnaire it was concluded that 98% of the LR's qualify the co-operation with the PUM headquarters good to excellent. Some 65% of the LR's has at least once a week contact with the CC. Approx. 95% of the LR's qualify these contacts good to excellent.

Some LR's complain about the 'bureaucracy' experienced when having contact with the PUM headquarters. Sometimes the CV of the proposed expert or the proposed period of availability of the expert does not meet the expectations of the applicants. Some LR's with a longer work relation with PUM complain about the increased rules and regulations which have been implemented in the past years. Some concern is expressed with regard to an 'overkill' in this respect.

Once per two-three years a regional internal conference is organised, chaired by the General Director of PUM. These conferences are meant to provide information on PUM's policies, to exchange views and for teambuilding purposes. During the field research we observed that LR's have diverse opinions about the usefulness of the internal conferences. A number of LR's appreciated meetings with the CC and other LR's active in the same country/region and suggested to have these sort of meetings on a regular basis to exchange experiences e.g. when a CC comes for a PBR.

#### *Assistance offered to the experts*

The LR's are asked to take care that the experts are picked up upon arrival from the airport and to be stand-by in case any problem occurs during the project. In the interviews with experts we heard quite different opinions on the functioning of the LR's. The responses vary from very positive (a service-minded and supportive attitude) to very negative (no support was offered at all). In the questionnaire experts were asked to rate the assistance offered by Local Representative on a number of activities. Table 5.2 shows the results.



Table 5.2 The experts' appreciation of the assistance offered by Local Representatives

	Excellent	Good	Sufficient	Poor
Support during the project	9 %	47 %	34 %	10 %
Knowledge of the companies	2 %	29 %	53 %	16 %
Commitment	7 %	48 %	35 %	9 %

Source: Questionnaire NIBConsult

About half of the experts respond that the support during the project was good to excellent. About two-third of the experts hold the opinion that the business knowledge of the LR is sufficient to poor, whereas only half of the experts consider the commitment of the LR to the project good. The overall opinion of the experts on the assistance offered by the LR is therefore not always positive. From a number of LR's we have met during our field research we learnt that it is not always viable to keep in contact with the experts during his project as the projects concerned can be in remote areas, far away from the place where the LR lives.

#### *Aftercare*

Aftercare activities of the LR include taking care that the applicant submits the evaluation form with its findings on the performance of the expert to the PUM headquarters. Some of the LR's we met during our field research debrief the applicant in a personal conversation. Such conversations prove to deliver sometimes more honest opinions than the evaluation form does. The LR's sometimes share the obtained insights with the CC. These opinions are, however, not stored in the PRINS database.

Aftercare includes also the arrangement of follow-up projects. During field research it was discovered that in some countries the LR's never receive the report produced by the expert<sup>40</sup>, while in other countries it is a standard procedure. It is obvious that it is much more difficult to arrange an appropriate follow-up project for LR's who are not familiar with the report of the expert.

Compared to other activities of the LR's, aftercare does not receive high notes by the CC's; In the questionnaire 40% of the CC's qualify the aftercare activities performed as sufficient to poor. This is probably also connected to the allowance structure.<sup>41</sup>

#### *Average time spent per project*

In the questionnaire LR's were asked to indicate how much time was spent on average per project. The responses are indicated below:

- Acquisition: on average 14 hours per project
- Filling out the application form: on average 2 hours
- Preparation of the expert's project: 5 hours
- Supporting the expert: 6,5 hours
- After-sales (e.g. debriefing with the applicant): 4 hours

On average this means approx. 32 hours per project. It is noted that the variance in the responses is quite large, e.g., for acquisition the responses vary from 1 hour up to two weeks per project!

<sup>40</sup> It was mentioned that this was a policy as in the past some incidents were reported that an LR used the information to feed competitors of the applicant.

<sup>41</sup> 80% of the fee is paid upon completion of the project. 20% is paid after the evaluation form has been received by PUM.

### Allowance of Local Representatives

PUM has determined the LR's fee to be EUR 400 for each application that is both approved and executed (including local support and the submission of the completed evaluation form). Another reason for PUM to make the fee performance-related was to be able to employ more LR's in larger regions, without having to pay an extra annual fee.

The Local Representative receives 80% of this amount upon completion of the project. The remaining 20% is only paid after the evaluation form has been completed. In the previous evaluation it was advised to consider another remuneration policy, consisting of a fixed annual amount on the basis of a contract (annually renewable, dependent on the performance). PUM has not implemented this recommendation as PUM is afraid that this would create a labour relation between PUM and the Local Representative. Moreover, according to PUM, a fee per project encourages LR's more to identify applicants than a fixed annual amount (see chapter 3, question 2).

In the remainder of this section we will elaborate on the allowance policy of PUM:

- From the questionnaire it can be concluded that almost 90% of the CC's consider the allowance as good to excellent. The opinions of the LR's are very diverse; nearly 17% considers the allowance poor, while 12% considers the allowance excellent. Some LR's complain that the fee does not cover all the time that is spend. Also, some LR's express that the allowance does not encourage to travel far away from the place where the LR lives and suggest that a separate travel budget would be appreciated. Particularly in large regions/countries this would enable the LR to travel to more remote areas. An alternative solution would be to appoint more LR's in large countries;
- Each LR receives the same fixed fee per project (including follow-up projects), regardless the country where he is active. The obvious advantage of this approach is its administrative simplicity, as it is easy to determine and to monitor the budgets on such basis. A disadvantage is the large differences in the cost of living between the countries where PUM is active. For example, Moscow can't be compared to Bujumbura, Burundi;
- The present allowance policy is quantity-oriented. A fee per project provides an incentive for LR's to acquire as much projects as possible (within the targets set by PUM). While this is not necessarily wrong this approach means that no quality aspects are taken into account;
- With respect to the quality aspects, in the evaluation we discovered a few cases where there was an evident mismatch of the expert to the assistance requested (i.e. an entirely different expertise is required then described in the application), as a result of which the expert had to terminate his project. In such cases it could be considered to cut down the fee of the LR for such a project.

### Recruitment of Local Representatives

As can be concluded from the analysis presented above, the LR has a crucial role in the effectiveness of the PUM programme as a whole. In case a new LR needs to be recruited, it is very important that a lot of effort is put into the selection of the appropriate candidate. In the questionnaire some 80% of the CC's responded that they have experience in replacing LR's. The most important reason mentioned was that there were not sufficient applications generated by the LR.

The selection of a new LR is a responsibility of the CC. In many cases this is being done with support of local organisations, the Netherlands Embassy, Chambers of Commerce, employers organisations and similar. The main criteria that the CC uses (from our interviews) for assessing a candidate are commercial capabilities, a motivation of candidates to assist companies and the corporate network that the candidate has at his disposal. This network is of great importance to PUM as it provides access to the local business community and thus enlarges the potential number of future applications.

The recruitment of new LR's is not always easy to realise. In the questionnaire over 60% of the CC's responded that it took much effort to recruit a suitable LR. Also the capabilities and background of the CC's are important in this respect. We will further elaborate on this matter under question 6.

In some countries PUM has approached private companies for the recruitment of local representatives out of its staff.<sup>42</sup> The advantage of such an approach is that this may help in the acquisition of new clients out of the network of the company. In addition, working with a company avoids the dependence on a single person. A disadvantage of appointing an individual company instead of a single person is the possibility that a conflict of interest is introduced and it is difficult to define the responsibility.<sup>43</sup>

#### Measures taken by PUM during the evaluation period

The degree to which the LR performs is crucial in many aspects, as they are responsible for identifying the companies that need assistance and for supporting these companies when they apply for PUM support. From this perspective, it is no surprise that PUM has tried very hard to improve the performance-standard of the LR's and to increase the influence on their functioning. This has been done in different ways:

- PUM has provided all LR's frequent and elaborate instructions on the required working methods;
- PUM has strived to replace less performing LR's. For this purpose CC's and PrOf's have formulated an ideal profile of the LR, which has been incorporated in internal guidelines. In order to assess the LR's performances, the Anamon department provides judgements by both the expert and the applicants. In addition, the type of applications acquired by the LR are being analysed and compared with the target group;
- PUM has tried to improve the performance of the LR's by establishing a better country or regional spread, in which the presence of LR's better represent the degree of activities.

At the same time that PUM has increased the job responsibilities (as recommended from the previous evaluation) of the LR considerably:

- An important shift in focus has been placed on the problem definition of the applicant. In this regard, PUM expects that the LR thoroughly checks whether the problem described by the applicant matches with the "real" problem experienced by the applicant.<sup>44</sup> As such, PUM has aimed to improve the assessment process of applications and to ensure a more accurate matching of the SC with the experts that are filed in the PUM database;
- PUM has moved its focus to LR's that already have a main activity beyond PUM. In this regard PUM holds the opinion that it is not desirable that the LR is dependant on the PUM activities as their sole source of income, as this might seduce them to prefer a larger amount of applications over a more qualitative approach.

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<sup>42</sup> E.g. this has happened in Bulgaria.

<sup>43</sup> It should be noted that the vast majority of LR's does have other activities next to their activities for PUM. Many of them run their own business or are employed at a private company. The point we are making here is whether PUM should approach private companies instead of a single person for local representation of PUM's activities.

<sup>44</sup> To illustrate, it occurs that applicants state that they experience a certain technical problem, whereas in reality the problem often is much more fundamental (mostly management-related).

## Conclusions

The identification and selection of projects, the support and aftercare by the Local Representatives are useful. The functioning of the LR has improved during the evaluation period, in particular in relation to the acquisition activities. During the evaluation period PUM has increased the job responsibilities of the LR's, has tried to improve the performance-standard of the LR's and has tried to increase the influence on their functioning. Measures taken include the provision of frequent and elaborate instructions on the required working method, the replacement of less performing LR's and the establishment of a better country or regional spread, in which the presence of LR's better represent the degree of activities. In addition, LR's nowadays have to check the application before it is submitted to PUM. Nevertheless, there is still room for further improvements (see chapter 10).

## Question 6

*To what extent is the employment of the middle management of Sector- and Country Coordinators, which fully consists of volunteers, effective? (quality of volunteers and personnel)*

In this section we will give an overview of the tasks, responsibilities and performance of the staff volunteers (and the experts). On the basis of our findings we will formulate an opinion on the effectiveness (in particular the quality) of the staff volunteers.

The PUM organisation is described in detail in chapter 3 and consists – besides the experts – of an important middle management function which is handled by volunteers. In this section we will handle the following:

- Tasks and responsibilities of staff volunteers
- Performance of the staff volunteers (quality of volunteers)
- Recruitment and selection
- The special characteristics of the volunteer organisation of PUM
- Management structure/monitoring
- Finally we will formulate conclusions on the effectiveness of the middle management

## Tasks and responsibilities

The function of middle management consists of two types of managers: the Country Coordinator (CC) and the Sector Coordinator (SC). Although not specifically requested in the Terms of Reference (ToR) of the evaluation we also include a description of the expert in our review in order to have a better understanding of the qualifications and the teams of experts which CC's and SC's are running. Underneath a (brief) description of these positions is given.

### ▪ *Country Coordinator*

The Country Coordinator (CC) is amongst others responsible for:

- The country policy of its assigned country
- The appointment of the LR's (in consultation with the management of PUM)
- The acquisition activities of the Local Representatives (LR's)
- Monitoring and guiding the activities of the LR's
- The assessment of applications together with the Sector Coordinator (SC) and Anamon
- The briefing and debriefing of the experts

The span of control depends on the density of projects in a region. To illustrate: the Russian Federation has three different CC's, while Vietnam, Laos and Cambodia share one. The number of CC's has slightly increased in the evaluation period, from 56 in 2001 to 58 in 2005.

The CC furthermore manages the acquisition activities of the LR, by checking if the stream of applications complies with the sectors and the designated target groups (i.e. SME's), which have both been stipulated in the country policy documents. He also implements the follow-up policy (as described in question 10) by stimulating and assigning follow-up projects. For this, the CC must regularly consult the LR's.

In addition, the CC evaluates the results of the projects of the experts through the debriefings with the experts. Furthermore, the CC conducts a survey on a selection of companies which received assistance from PUM and travels (twice a year) to the country where he/she visits these companies (so-called Project Support Missions (PBR's)).<sup>45</sup> These surveys are carried out among a limited number of companies during a PBR, as it is not feasible to pay a visit to each company that has received PUM support. The PBR only focuses on companies where an expert has recently (< 0,5 year) carried out a PUM project. The results of the PBR's are processed in survey forms, which are included in the PRINS database.

#### ▪ *Sector Coordinator*

Before 2003, the activities of the SC (then named Sector Advisor) and CC overlapped each other. As this negatively affected the efficiency of the processes, the responsibilities of both functions became more separated in 2003. For the SC, this resulted in larger job responsibilities. The Sector Coordinator (SC) became responsible for (1) the sector policy, (2) the management and composition of the CV files that are relevant for the assigned sector (together with the CV intake group), and (3) the search/approach of the right candidate expert for the application in close consultation with the CC. Because of the enlarged responsibility of the SC, a permanent substitute is assigned for each SC. The SC and his substitute divide the workload.

It is the responsibility of the SC to match the right expert to the applicant. Whether a certain expert matches with an applicant depends on the problem definition formulated by the company on the application form. Furthermore, it is the responsibility of the SC to make sure that there are sufficient experts available in the database, which are able to operate in different functions and organisational levels. To find the right expert, the SC has the database with CV's of all the PUM-experts at his disposal. If a certain expert is not available in the database, the SC has to search for candidates outside PUM through different sources. The most obvious way is to search within the SC's network. Another way is to publish a vacancy on the PUM Website. Other more recent actions are recruitment through the PUM management board and by organising specific meetings between SC's and potential experts.

Finally, the SC is supposed to conduct 1 or 2 expert projects a year. With this approach PUM wants to make sure that the SC keeps his practical experience and stays familiar with the actual practice in the countries. The number of SC's has slightly increased during the evaluation period from 37 to 38.

#### ▪ *Experts*

The experts made available by PUM to applicant companies are in many cases senior managers, generally aged between 50 and 70 years old. They represent almost all sectors of the Dutch business community and have usually gained a vast amount of (specific) knowledge and experience by means of their long professional record. An overview of the sectors in which the experts are active is shown in table 5.3.<sup>46</sup>

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<sup>45</sup> Besides the focus on survey of results, PBR's are also meant to intensify the relationship with the LR, local institutions and/or organisations and visit former and prospective applicants.

<sup>46</sup> An expert can be active in more than one sector.

Table 5.3 Sectors in which PUM experts are active (2005)

Sectors	No. of Experts	Sectors	No. of Experts
Agricultural production	640	Retail industry	176
Accountancy/management/automation	635	Banking/financing/insurance/licensing	168
Government services	574	Printing & publishing	128
Agro-industry/food processing	454	Minerals & derived products	88
Metal industry	444	Timber & timber processing industry	79
Building & engineering	413	Textile industry	70
Personnel policy	400	Clothing industry	57
Chemical industry	343	Other manufacturing industry	57
Health care	327	Manufacture of paper & paper products	54
Energy & water	321	Organisations of employers	44
Transport & logistics	319	Leather industry	18
Electrotechnical industry	286	Footwear	12
Hotels/catering/tourism	226	Other services	689
Environment & Waste	195		

Source: Website PUM

Currently, approximately 3.800 experts are filed in the PUM expert database, of which about half is actually active in projects for PUM. A number of experts are active in multiple sectors. The present number of experts covered per SC is on average 100.

As table 5.3 shows the activities of PUM demand a broad range of expertise and different backgrounds from the experts. In general however, these activities can be divided into six groups of disciplines. Most often the required skills concern a specific technical problem. A second group of skills relates to general management issues. Other skills are marketing related problems, education/training related problems, financial (business plan) and export related issues. In table 5.4 we show the distribution of these disciplines where we distinguish the activities of PUM for the Ministry of Foreign Affairs (DGIS) from those of the Ministry of Economic Affairs (EZ). The percentages add up to over 100% as a number of the experts are allocated to more than one discipline.

Table 5.4 Expert disciplines

DGIS			EZ		
Expert discipline	2004	2005	Expert discipline	2004	2005
Technical	67%	62%	Technical	59%	56%
General management	29%	26%	General management	37%	36%
Marketing	20%	20%	Marketing	18%	35%
Education/training	17%	19%	Education/training	15%	16%
Financial(business plan)	11%	9%	Financial (business plan)	13%	9%
Export	4%	3%	Export	0%	4%
Total	148%	139%	Total	142%	156%

Source: PUM Annual Report 2005

In brief one could say that the Country Coordinator (CC) is responsible for the overall management of the projects and the Sector Coordinator (SC) is responsible for recruiting and matching the right experts. For a proper execution of these tasks approximately 2-2.5 days a week is expected to be spent per staff volunteer. In that respect the PUM management is heavily relying on the input and performance of these volunteers. In practice we found from the interviews that CC's spend between 2 and 5 days a week (average 3 days) and SC's between 0.5 and 5 days a week (average 1.5). The CC's are reporting both to the General Director of PUM (for the activities in the countries/projects) as well as to the Financial Operational Director (for financial and operational affairs). The CC's are working in close cooperation with the project officers (ProFs) for preparing and monitoring the applications and projects.

#### Performance of the staff volunteers

In our interviews with experts, management, CC's and SC's we noted that the increase of the number of projects during the evaluation period sometimes puts pressure on the organisation and may have its effects on the duties and the time spending of the CC's and SC's. In general we learned from these interviews that the performance of the staff volunteers was judged very positive.

According to some internal papers of PUM the following issues have to be considered<sup>47</sup>:

- The demand and pressure on the staff volunteers (CC's and SC's) is increasing due to the expansion of the PUM programme;
- Sometimes the volunteer character leads to a non committal attitude. We noticed that this problem is properly addressed by the management when such an event occurs;
- The volunteers can easily quit their job;
- The number of experts for which the SC takes responsibility is - depending on the sector where the SC is active - sometimes too large;
- The span of control can be quite wide and can lead sometimes to inadequate guidance by the SC and CC of the experts, ProFs and LR's.

From our questionnaires (with LR's, experts, CC's and SC's) and field research the issue of the performance and functioning of the CC's and SC's was also raised. The response in general (with some exceptions) was positive and did not fully confirm some critical statements mentioned in the internal papers and some of the interviews. Regarding the performance of the staff volunteers (CC and SC) about 80-90% of all respondents indicated a good performance. With respect to the CC it was mentioned that in several cases the debriefing could be improved and with respect to the functioning of the SC it was mentioned that the selection process of experts can be improved. From our field research we encountered one LR (out of 11) which was rather critical on the functioning of the CC (visits of the CC were not considered useful). In the questionnaire among LR's a few LR's reported about negative experiences with experts, which occurred occasionally. Usually the LR's do inform the CC on such experiences. In that respect it is odd that there is hardly an evaluation form found in the PRINS database in which applicants report in a negative way, even not in obvious cases as we have found during our field research.

Another issue raised, was the function of the CC and the SC with respect to the debriefing. In a number of cases experts mentioned that a debriefing with the CC was not useful and recommended to involve the SC as he/she is more qualified to discuss technical issues and advice on any follow-up or business links. Another complaint raised by the LR's was that they were not informed on the

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<sup>47</sup> A communication strategy paper and a paper called Sector Monitoring (sector Beheer).

agreements between the expert and the company. LR's had sometimes the impression that there was little monitoring on these aspects by the PUM organisation in The Hague.

### Recruitment and selection

In this section we make a distinction between the recruitment of experts and the recruitment of staff volunteers.

#### ▪ *Recruitment of new experts*

Currently, experts are recruited mainly through two channels:

- Through the personal business network of the SC;
- By placing vacancies in specialist journals or on the PUM Website.

If a potential expert is interested he can send his CV to PUM through the website. The CV's are being screened by respectively the CV group (is the CV complete?) and the SC (is the CV eligible?). After approval by the SC the CV will be entered into the PUM CV database (being the formal registration as PUM expert).

#### ▪ *Selection of an expert for a project*

If a SC needs an expert for a specific PUM-project, he can search through this database by means of key words. When the CV of the expert matches with the profile that is demanded for a project the CV is send to the applicant (sometimes through the LR). In rare cases more than one CV is send to the applicant out of which he can make a selection. When the final selection of the expert is made, the expert is invited to PUM headquarters for a briefing with the CC. In exceptional cases the CC may decide to reject the expert in case his impression during the briefing was negative. When all parties have approved the expert, the deployment of the expert is prepared by the PrOf.

#### ▪ *Recruitment of staff volunteers*

The staff volunteers consist of the Country Coordinator, the Sector Coordinator, the CV Intake Coordinators and the business link and training Coordinators. Because of the policy to employ volunteers to a maximum of seven years and to a maximum age of 70 years, changing of coordinators happens regularly. New staff volunteers are recruited through an internal selection procedure. After the vacancy is being published on the PUM intranet, candidates can be recommended. As a rule, these candidates are almost always well known experts. The candidates must comply with a number of criteria, the most important one being the successful execution of some projects for PUM. After the selection process by HRM, an advice is brought out to the directors, who will decide on the appointment. A deciding factor in this regard is the assessment of their capacities and enthusiasm.

From our interviews, desk and field research we noted the following:

#### *With respect to the recruitment of experts for PUM:*

- About half of the population of the experts in the database has not been invited for a project. This is partly caused by the fact that some sectors are no longer focus areas of PUM (such as specific area's in education and health). The main reason mentioned is that the SC is not able to meet all the experts who submit their CV to PUM and the CV's do not contain all relevant information. A proper maintenance of the population is therefore not possible;
- The pool of experts where SC's are responsible for, is in a number of cases too large to take properly care of;



- The screening by the CV group is limited to language, lay out issues and a first check on assignment to a sector and does, to our surprise, not contain a screening from an HR and expertise point of view;
- The content of many CV's is often too limited and therefore does not contain sufficient information to decide whether an expert qualifies for PUM or not. International experience is one of the area's which needs more attention;
- Language skills are purely based on the input provided by the expert (when he submits his CV). No check is made on the actual language skills of the expert. Some experts are very modest (e.g. they have a good in stead of a fair command of English). Others tend to exaggerate their language skills, which may cause communication problems during their projects or when they submit poorly written reports after completion of a project;
- In a proposal of the PUM project team "sector management" the suggestion is made that the SC creates a list of key words which are relevant for his sector and adds these to the CV's.

*With respect to the selection of the right expert (CV) for a project:*

- When a CV of an expert is submitted to the applicant, the CV is supposed to show PUM experience. This part contains at present virtually no information value. It presents some general data, but does not contain information about the contents of these projects;
- LR's mentioned that the quality of some of the experts was not sufficient because of language problems or sometimes the expert did not meet the expertise requirements;
- LR's mentioned that experts sometimes lack the right motivation and the required personal qualities for the project;
- Applicants sometimes complained that the CV did not contain sufficient information to decide whether a candidate is qualified for the job.

*With respect to the selection of country coordinators and sector coordinators:*

- The selection process for SC's and CC's is felt by many experts (from interviews and questionnaires) to be not transparent;
- The PUM management states that the selection is based on the experience of the candidates in the function of expert and on their expected managerial skills, international and specific country experience (for the CC) and sector experience (for the SC). We have the impression this process is not seen as sufficiently transparent by the experts.

The special characteristics of the volunteer organisation of PUM

Although in some cases the commitment and engagement of some experts, CC's and SC's is questioned in general we have the impression (based on our interviews, questionnaires and field research) of a dedicated organisation with engaged volunteers. The experts and staff volunteers are in general highly qualified professionals (former managers and specialists) who expect a high performance from themselves as well as from the organisation they work for. Although it is difficult to compare the PUM organisation with professional non volunteer organisations, we are of the opinion that the organisation of PUM is in many aspects comparable with other organisations. Of course the PUM organisation contains some aspects in which they differ from others:

- The number of part time people;
- The middle management function carried out by volunteers;
- The large number of volunteers;
- The low payroll expenses in relation to the large number of employees;
- The large number of highly qualified professionals (experts and staff volunteers).

In some cases where expectations of the performance of the experts are not met, we think this often has to do with the expectations experts have when entering into the PUM organisation and in specific staff functions. Sometimes one confuses 'voluntary' with 'non committal'. To further improve the quality of the organisation it is important that a clear framework for the tasks and responsibilities for each staff volunteer and expert is set. This framework should provide the volunteers a clear overview of the expectations. Before accepting experts and appointing staff volunteers this framework should be made clear and taken into account. In that respect it is also important to have a clear understanding of the time (the numbers of days and an indication of the period of availability) which is needed to fulfil certain functions.

As the experts are in many cases highly qualified professionals, one has to take into account that these people are capable and used to work independently without much interference of an organisation. In principle this is no problem for managing the PUM organisation. However from professionals you may expect that they give a full report on their experiences and findings with PUM applicants. Both from the desk research and from the field visits we found a number of cases where the reporting was insufficient and was not up to standards (including language problems). In other cases experts failed to meet agreed follow-ups such as training, business links, inquiries etc.

#### Management structure/monitoring

In chapter 3, question 1, an overview is provided of all forms of progress discussions/meetings with the management team. Both the General Director and the Director Finance and Operations have frequent meetings with the CC's and SC's. Their experiences from their PBR's are in many cases discussed in detail with the management. For the General Director this means for instance that he meets every CC 4 times a year, meaning about 160 meetings per year. Although these meetings are very much appreciated by the coordinators and have been instrumental in implementing changes, one may argue whether this is a principle task of the management; especially when one takes into account the increasing number of projects per year and the increasing number of SC's. From the interviews we learnt that the management team is considering a redistribution of tasks and responsibilities and perhaps introducing a new management level. It is not decided yet whether this idea will be pursued or not and if this new management layer should be executed by volunteers or 'pay roll' employees.

To our opinion the management team should mainly focus on policy related matters, monitoring and of course maintaining external relations with stakeholders and related organisations. Taking into account the increasing number of projects we feel that a continuation of the many meetings with CC's and SC's is no longer feasible nor desirable. We therefore recommend to analyse the management structure thoroughly, whereby we suggest the two following options to be considered:

#### *1) Introduction of new volunteer function (Area Coordinator)*

A structure in which the general management (two directors) focuses on general management tasks (strategy, monitoring etc) and that the number of staff volunteers will be increased and take over some of the tasks of the general management. In particular all these meetings with CC's and SC's can be delegated to experts who are capable to fulfil these tasks. Although in volunteer organisations a certain hierarchy is not unusual we understand that in the specific case of PUM this may create some "turbulence" among staff volunteers. In this respect one should try to avoid introducing a new hierarchical layer of volunteers in the PUM organisation and therefore one could consider introducing a new volunteer staff function: that of an *Area Coordinator* (AC). This function should be seen at the same level of CC and SC. These area coordinators of course report on a regular basis to the general management of PUM. Profes-

sionals (staff volunteers) should be able to understand that in an expanding business model it is not viable that every staff volunteer reports directly to the directors. In principle we think that it is not difficult to find motivated staff volunteers to fulfil these tasks.

2) *Expansion and redistribution of tasks and responsibilities of the management team*

A structure in which the management team is expanded by one or two team members and in which tasks and duties are redistributed. The purpose of this structure is to release the General Director of some of his tasks in order to concentrate more on general management and policy related issues.

Looking at the present business model (volunteer character) of PUM and the availability of sufficient experts with management qualities we would have a preference for the first option.

Conclusions

- The performance of the PUM volunteer organisation as a whole was found effective and in many aspects does not seem to differ from other non volunteer organisations. Although experts and staff volunteers do not always meet the expectations and occasionally show a somewhat non committal attitude, one could say that the overall commitment of the volunteers is excellent. Both SC's and CC's performed their tasks in a professional and effective manner and were able to spend the time which is required for the function. In some cases we noticed that the expansion of the programme puts some pressure on the organisation. Furthermore we noticed that the reporting requirements were not always fully met and were not properly monitored. Finally we found that the effectiveness of the debriefing by the expert with the CC is questioned in a number of cases and it is not clear why the SC is not involved.
- The actual management structure is very demanding and is at present under consideration in order to reduce the span of control and relief the management from some of its operational tasks.
- The CV data base is not up-to-date and contains CV's with insufficient information. The selection process of staff volunteers is not transparent and creates irritation among some experts. Although experience as an expert, managerial skills as well as international and country specific experience are taken into account, the criteria are not sufficiently clear. Furthermore we found that the pool of experts where SC's are responsible for, is in a number of cases too large and many experts have never met the SC of their sector.

Question 7

*What measures has PUM taken to increase the effectiveness of the organisation and with what results?*

This question is closely connected to chapter 3, question 2 regarding the recommendations of the previous evaluation. For the formulation of these recommendations we may refer to that chapter. Below we will provide an overview of the main measures the PUM management has taken to improve the effectiveness of the programme.

Organisation aspects

- Before 2003, the activities of the SC (then named Sector Advisor) and CC overlapped each other. As this negatively affected the efficiency of the processes, the responsibilities of both functions became more separated in 2003. For the SC, this resulted in larger job responsibilities. The function of the SA was upgraded to the level of Country Coordinator (CC). The Sector Coordina-

tor (SC) became responsible for the sector policy, the management of CV files that are relevant for his assigned sector, and the search/approach of the right candidate expert for the project (in consultation with the CC). Because of the enlarged responsibility of the SC, a permanent substitute is assigned for each SC;

- The function of the Project Officer (PrOf) has changed to a more substantive role. Until 2003 the Project Officer was named Assistant Manager. From 2003 on the PrOf steadily acquires more substantive tasks and is better equipped to support the CC, the experts and other staff volunteers;
- A Credit Committee was founded in 2004 and replaced the "Support Group Finance". The main reason for this is that many of the PUM recommendations result in the need for additional financial support. The credit committee functions in that respect as an intermediary between applicants and banks and investors for obtaining financial support (loans or equity). The Credit Committee sometimes also offers additional support to entrepreneurs for the writing of their business plans;
- In 2003 a project team was established, which combined the coordination of trainings and business links. This team became operational in 2005. The goal is to improve and equalise the processes of the trainings and business links.

#### Database and monitoring

- The PRINS database was introduced in 2001 and contains information on all applicant companies and projects. In addition, all data are stored that are derived from the forms that are used by PUM for the application.
- During the evaluation period, the importance of the Anamon department has increased significantly.<sup>48</sup> This is at least partly due to the introduction of the PRINS database in the course of 2001. Anamon has three major responsibilities:
  - 1) The selection process
  - 2) The intake process
  - 3) The monitoring of projects.

The primary task of Anamon is to assess the incoming applications on their clarity, completeness and compliance with the PUM criteria. An additional task is to translate the data from the database into useful management information, which is used for internal reports and reports to the ministries. It is also used as steering material in discussions with the Country Coordinators (CC's) and Sector Coordinators (SC's). The major sources for obtaining information are, besides the application form and the intake, the information of the debriefing, evaluation and survey. In order to keep the information manageable, PUM has developed special forms for these events, which in general are reasonably well gathered and stored in the database.<sup>49</sup>

- Throughout the years 2001-2005 PUM has put a lot of effort into further expanding and improving the monitoring process. An important example of their endeavour is the introduction of improved forms in 2004. Since 2005, Anamon provides more elaborate management reports on a monthly basis, which must give better insight in the developments of the projects. According to PUM, a significant part in this report is the performance of the Local Representative. In addition, overviews are presented of the performances of the SC's, in which the throughput time and the matching process of experts with projects are the main aspects.

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<sup>48</sup> Until July 2003, the department was called Monitoring.

<sup>49</sup> See chapter 6, question 14.

### Communication

- Since 2003, PUM has improved and expanded the Website to make it more customer-friendly. In addition, its role as a contact medium has increased significantly since both new experts and applicants are obliged to fill in the application form here;
- Since 2003, the staff officers have the possibility to (partly) work at home. They are able to log in to the PUMNet from their own PC and to access the PRINS database and their email;
- The meetings between the management and volunteers (WOLS) also have a more external character since 2003, as partner organisations like the Centre for the promotion of imports from developing countries (CBI) and the Netherlands Development Finance Company (FMO) are invited to join these meetings and to share information and experiences.

### Other

- In 2004 PUM management introduced the so-called top 10 priority rules. These 10 rules are in particular meant for the Local Representatives as an easy reference for the selection of projects. This was already explained in chapter 3, question 1.

### Conclusions

During the evaluation period PUM has taken several measures to improve the effectiveness of the organisation. Information is much more accessible and the organisation is better structured. Important measures taken in this respect are:

- The separation of the responsibilities between the CC and SC and the larger job responsibilities of the latter;
- The matching of the processes of trainings and BLP's;
- The introduction of the PRINS Database;
- The improvement of the PUM Website (including the possibility to fill out the application form online);
- The introduction of Tele-working in 2003.

### Question 8

*To what extent is the registration and reporting, both on individual and programme level, sufficiently managed to monitor the programme's effectiveness?*

Before 2001, PUM used a database with relative limited capacities. As a consequence, information on the operations of PUM was not always easily accessible. With the introduction of the PRINS database in the course of 2001, a process of gradual automation was set in motion. In the years that followed the information stored in the database was both expanded and combined with other sources of information. An example in this respect is the import of information that is acquired through the use of the following forms: the application form, the debriefing form, the evaluation form and the survey form. The application form stores all relevant information concerning the applicant (its profile and the problem it experiences). The debriefing form stores information with respect to the expert's experiences during his project mission and his opinion on additional measures. The evaluation form stores information with respect to the experiences of the applicant. The survey form stores information on the findings of the Country Coordinator on a selection of recipients visited during his PBR.<sup>50</sup>

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<sup>50</sup> For further information on the content and use of these forms, see chapter 6, question 14.

By integrating these forms into the database, it is possible to accumulate all individual project results on specific matters. As a result, it is possible to perform analyses on the programme level. To give an impression on the analyses that can be performed, an overview of the main topics that are stored in the database is given:<sup>51</sup>

- Project number
- Applicant name
- Applicant country/region
- Sector in which the project is classified
- Input date/year
- Intake advice (Anamon/CC/SC)
- Project and project start dates
- Project duration
- Project status; (agreement/matching/preparation/postponed/archived)
- New or follow-up project
- Cancelled/ Postponed (if applicable)
- Staff members involved (names of the CC/SC/LV/PrOf)
- The results of various Forms (Intake, Debriefing, Evaluation and Survey), see question 9
- Expert (name)

#### Use of the PRINS database on the individual project level

The information in the database is to some extent accessible by all staff volunteers at the PUM headquarters and is primarily used for the support of the project progress.<sup>52</sup> It gives a reflection of the project phase and all relevant information that is needed at that moment. It can also provide insight in the next project step that has to be taken and from which officer what action is required. Finally it provides the material needed for making assessments, such as the acceptance of a project or the rate of success of a project.

#### Use of the PRINS database on the programme level

Apart from the supporting of the project's progress, the database is also used by Anamon for statistical purposes, such as monthly management reports and statistical information in annual reports. Through the monthly reports the management can obtain an impression of the performances of the different PUM officers. For example, they can see if the LR's and the CC's acquire enough new projects, or if the SC's find experts within an acceptable time frame. When they discover deviations in relation to the planning, they can take measures.

From 2001, the importance of the PRINS database has increased significantly. In order to give an impression on the reliability of the database we use the following criteria:

- Completeness
- Accurateness
- Workability

*Completeness* means all necessary information is stored in the database. *Accurateness* means all fields in the database are filled out correctly. *Workability* means if the database is easy to use by the staff officers.

In our assessment we have taken into consideration that there is a distinction between the use of the database for practical matters and the use for statistical matters.

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<sup>51</sup> This list is derived from export of the database content to Microsoft Excel. Other information that is stored in the database are among others expert reports, email correspondence and financial attachments.

<sup>52</sup> Of course the database includes all necessary safety precautions, such as restricted access areas for different users.

### *Completeness*

With respect to the completeness it can be concluded that the database meets the requirements to a great extent. The database offers so many possibilities to connect the different categories that it can even be stated that it offers too many possibilities. In this respect the question arises how much information is really needed for supporting the project progress. Other findings with regard to completeness are:

- Until now, a number of forms has to be imported manually into the database. This is not only a time consuming business, it also may result in inaccurate data-entry;
- A number of categories offer a wide variety of possible choices, which impede the statistical use. For example: project status, which specifies the actual phase of the project at a certain moment in time. In the database, some 12 different phases are distinguished, which appears too much.

### *Accurateness*

With regard to the accurateness it can be concluded that some progress can be made. Although in general the data are filled out correctly, it occasionally occurs that fields are not filled out correctly, or are not filled out at all. In this regard, the following observations have been made:

- Throughout the database, empty fields have been found where information was expected; This results in "statistical contamination";
- The names of the different officers are sometimes spelled differently and because of this entered double in the system;
- Often the balance total and annual turnover is presented in a different currency. This is particularly difficult for statistical purposes;
- The number of years that a company exists sometimes gives remarkable results (i.e. a company that is more than 994 years old);
- In the different forms, in particular in the evaluation form, questions are not always answered. The evaluator sometimes gets the impression that these fields have been left open intentionally;
- In most of the multiple choice questions, the scores "excellent" and "good" prevail, while the score "poor" is significantly less often given. Although it is not the intention to dispute the outcomes of these answers, it is nonetheless believed that they may present a slightly too optimistic view. This in particular when these outcomes are compared with the findings from the questionnaires and the field research. In the questionnaires "sufficient" and "poor" were used more often compared to the forms in the database.

### *Workability*

With regard to the workability it can be concluded that the system offers great possibilities. The database offers a great amount of information for all parties involved. An additional feature of the database is that it can be accessed by means of an internet connection. This makes it possible for the staff volunteers to access the database from their home. One remark on the web based database is that it is slightly difficult in use: It appears that the information is not always easy to find. In addition, it appears not sufficiently clear to all PUM officers how to find specific forms or reports.

### Conclusions

The registration and reporting, both on the individual and the programme level, is sufficiently managed to monitor the programme's effectiveness, at least in terms of compliance with the annual agreements with EZ and DGIS. The introduction of the PRINS database is a substantial improvement to the PUM operational management in terms of effectiveness. From our point of view, it is hard to imagine how such a vast number of projects can be dealt with without such a system. The database supports the monitoring of the project cycle and enables PUM officers to see what actions need to be taken. At the same time the database enables the Anamon department to produce pro-

gress reports on both project and programme level, which enables the PUM management to control the project flow.

#### Question 9

*To what extent has the monitoring of the effects of the programme contributed to the effectiveness of the programme?*

In the previous section, the PRINS database is explained. It was concluded that the dataset stores information on all stages of the project cycle. This section presents some of the concrete results and products that can be extracted from the database, which can subsequently be used for internal steering purposes, both on the level of the individual officer and the programme targets. With regard to the results, it will be evaluated to which extent these results have developed during the evaluation period. In order to be able to assess this development, it must first be examined which type of project results are collected and how these results are being gathered and monitored. With regard to the products that can be extracted from the database (i.e. reports), it will be examined what information is presented and how this information is used by the different PUM officers.

#### Achieved Results

Apart from monitoring quantitative data such as the number of applications, projects, countries and sectors involved, staff members, the PRINS database also keeps track of the project results. This information is collected through the different forms, which will be explained under question 14. The topics with regard to the project results and the forms in which these results are stored are dealt with in that section. An overview of the information that is collected by PUM on the project results is presented in table 5.5.



Table 5.5 Information on project results stored in the PRINS database

	period 2001- mid-2004			period mid-2004-2005		
	<i>Debriefing</i>	<i>Evaluation</i>	<i>Survey</i>	<i>Debriefing</i>	<i>Evaluation</i>	<i>Survey</i>
The extent to which the recommendations have been put to work	x		x	x		x
Overall assessment of the project <sup>53</sup>	x	x	x	x	x	x
The extent to which the applicant organisation is affected in the long run		x				
The extent to which the applicant organisation will become stronger on the long term			x			
The extent to which the applicant organisation has improved as a result of the advisors assignment?		x				
To what extent a satisfying solution has been found to the applicants problem	x					
The extent to which the recommendations improve the environment-friendliness				x		
The extent to which follow-up activities are thought necessary (training/BLP, contact with financial institution, etc.)	x	x	x	x	x	x
The usefulness of the experts recommendations				x	x	x
The extent to which the applicant has accepted the recommendations	x			x		
The impact of the recommendations on:						
Quality of current products/services				x	x	x
Development of new products/services				x	x	x
- Efficiency				x	x	x
- Market share				x	x	x
- Company turnover				x	x	x
- Labour conditions				x	x	x
- Access to finance				x	x	x
- Profitability				x	x	x

Source: PUM forms, Analysis NIBConsult

The answers to the questions in table 5.5 are expressed in terms of “excellent”, “good”, “sufficient”, “poor” or “not applicable”. It is also possible to leave a question unanswered. This is expressed with the term “empty”. In a single case, the terms “fully”, “mostly”, “partly” and “not at all” are used.

As will be explained under question 14, the different forms have been substantially altered in the course of 2004. As a consequence it is very difficult to analyse the developments on the above topics throughout the evaluation period. Some of the questions have been altered, expanded, or entirely removed from a particular form. Since the change of forms did not take place at once, there is an overlap between the results of the old and new forms in 2004. This makes it very difficult to discover or verify any trends throughout the evaluation period. Table 5.5 shows that only on three aspects with respect to project results it is possible to examine the developments over the whole evaluation period, namely “the extent to which the recommendations have been put to work”, “the

<sup>53</sup> According to PUM, this question comes back in the new evaluation and survey forms. In these new forms, this question is: “How does the applicant currently rate these results in relation to the costs incurred for the expert?”

extent to which the applicant has accepted the recommendations” and the overall assessment of the project.

A general observation concerning the answers that are given in the different forms is that the terms “excellent” and “good” are frequently used, while the terms “sufficient” and “poor” are given only sporadically. This image is valid for the entire evaluation period. An impression of the scores on the achieved results is given in Annex 5.1. This annex presents the answers with respect to the achieved results on the basis of the debriefing, evaluation and survey forms, separately for DGIS and EZ. A second general observation with regard to the question forms is that a relatively high number of questions is left unanswered. This is obviously the case for all forms in 2004, as a result of the introduction of the new forms. This point has already been discussed above. However, for other years the number of unanswered questions can also be quite high. Depending on the question this number can amount to over 30% of the total.

With regard to these two observations, it is noted that the qualifications “excellent” and “good” reflect a very positive image of the respondents on the achieved project results. It is interesting to verify this with the results of the field research. The results of this confrontation are presented under question 4. Annex 5.2 presents the results stored in the PRINS database on several issues mentioned in table 5.5, for DGIS countries and EZ countries.

#### Actions taken by PUM based on the effects registered

PUM can monitor the process closely and can therefore act immediately if necessary. If targets are not reached the trends can be analysed and the causes can be identified. This way, the output per country, sector or officer can be compared.

Examples of reports taken from the PRINS database are:

- Sector reports
- Country reports
- Monthly reports
- Quarterly reports

In the *sector reports*, the performances of the individual SC's are discussed. The report includes topics such as running and closed projects, the average throughput time of the matching process (in weeks), the number of executed projects per subsector and the number of executed projects per category. Based on these reports, the SC's are assessed on the throughput time of the matching process and on the fact if the right expert was matched to the projects.

In the *country reports*, the performances of the individual countries are discussed. The report includes topics such as the number of received applications, the number of projects that has been executed and the number of projects that is in stock. On the basis of the country reports the individual CC's can be assessed and guided by the management team. The CC's are assessed on the number of projects initiated.

The *monthly* and *quarterly reports* give a general impression on the programme's performance. The report provides insight in the programme's performances by the following categories:

- Sponsor
- Region or region team
- Partner country of DGIS
- Country and Country Coordinator

- Sector
- Training and Business link Coordinator
- Project officer

In addition the reports provide information on developments of the project budget, the number of realised projects in the past month and the number of projects in stock. Within the last category a distinction is made between the phase in which these projects are. Examples are intake phase, matching phase and postponed. Finally, the quarterly report provides information on the major trends of the previous three months, like throughput times of the intake process and matching process.

### Conclusions

The monitoring of the effects of the programme has made a significant contribution to the effectiveness of the programme. Apart from monitoring quantitative data such as the number of applications, projects, countries and sectors involved, as well as staff members involved, the PRINS database also keeps track of the results of the projects through different forms. It should be noted that, due to the change of these forms in mid 2004, it is difficult to analyse the developments of the achieved results throughout the entire evaluation period.

Based on the project results gathered by PUM, the following observations have been made for DGIS and EZ<sup>54</sup>:

- Based on the input provided by the experts, it can be concluded that there is a slight decrease in results (rating by experts) for both the DGIS and EZ countries where it concerns the execution of the recommendations by the expert. For the EZ countries the qualification 'excellent' was used less frequently while 'good' was mentioned more often;
- With regard to the extent to which the applicant has accepted the recommendations a slight decrease can be observed, although the results are still very positive;
- With regard to the overall assessment of the project it is observed that both the expert and the applicant are very positive. Compared with the expert, the applicant is considerably more positive;
- With regard to the effects of the recommendations on the different aspects of the applicant (such as quality of current products/services, efficiency, market share, etc.) it is suggested that they mostly have an effect on the quality of current products/service, efficiency and the development of new products/services, while much less influencing aspects as market share, company turnover, labour conditions, profitability and access to finance;
- The effects of the expert activities with respect to improving the environment-friendliness only concern a limited number of projects. For the programme as a whole, these effects are limited.

The information gathered enables PUM to monitor the process closely and to act immediately when necessary. If targets are not reached, trends can be analysed and causes can be identified. In this way, PUM has significantly improved the monitoring of the effects of the programme and hereby increased the effectiveness of the programme.

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<sup>54</sup> See Annex 5.2 for details.

#### Question 10

*To what extent is the implementation and the execution of the implemented policy for follow-up projects effective?*

##### Introduction

In this question the implemented policy of PUM concerning follow-up projects will be reviewed. In addition, the number of follow-up projects executed throughout the evaluation period will be presented, as well as the results from the interviews, questionnaires and the field research. Moreover the number of follow-up projects executed will be compared to the implemented policy for follow-up projects.

After a project has been executed, the applicant can apply for another project to be executed by the same, or another expert. There are different reasons to consider a follow-up project:

- During the first project the assisting expert could have made some suggestions for improvement. On the follow-up he can check if the recommendations were implemented and have lead to actual improvements. The follow-up project is a sort of evaluation project in combination with the last pieces of advice;
- Some ideas take time to implement and one project is not enough. This can be another reason to consider a follow-up project;
- The first project is used to identify the real problems. On the follow-up real assistance can be given, because the problem was thoroughly identified on the first project.

The follow-up project can be performed by the same expert as the first project or by a different expert.

##### Policy of PUM related to follow-up projects

According to the annual report PUM is stimulating follow-up projects for four reasons:

- Building long term relations with customers
- Follow-ups are important for the quality of PUM-projects<sup>55</sup>
- Business links and trainings are easier to organise after follow-ups have taken place
- Unpredictability of the total demand of PUM diminishes

To stimulate the increase of follow-up projects PUM has set an internal target for the percentage of follow-up projects to be executed on one third (as a percentage of total projects performed), for both DGIS and EZ projects. It is not stated in which year this target should have been met.

##### Follow-up projects executed

In this section information from the PRINS database regarding follow-up projects is reviewed. First the total number of follow-up projects in the period 2001-2005 is presented, followed by the annual number of follow-up projects during this period.

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<sup>55</sup> Source: Projectteam sectorbeheer/061205.

Table 5.6 Total follow-up projects as a percentage of total projects executed (2001-2005)

Sponsor	New	Follow-up	Total
EZ	2,147	539	2,686
<i>As % of EZ projects</i>	<i>79.9 %</i>	<i>20.1 %</i>	
DGIS	3,819	1,251	5,070
<i>As % of DGIS projects</i>	<i>75.3 %</i>	<i>24.7 %</i>	

Source: PRINS database, analysis NIBConsult

Table 5.7 Annual follow-up projects as a percentage of total projects

	2001	2002	2003	2004	2005
EZ	16.7 %	18.6 %	17.4 %	23.6 %	23.8 %
DGIS	22.0 %	22.0 %	21.8 %	27.6 %	29.9 %
Total	19.8 %	20.7 %	20.7 %	26.2 %	27.1 %

Source: PRINS database, analysis NIBConsult

PUM has been stimulating follow-up projects for the past few years. A clear increase in the percentage of follow-up projects is shown, for both DGIS and EZ. Table 5.6 demonstrates PUM has not reached its own targets of 33.3%<sup>56</sup> for DGIS and 30%<sup>57</sup> for EZ yet, but is well on its way. These targets are set by PUM and are not imposed by DGIS and EZ.

Some assisted companies have received multiple follow-ups (see table 5.8). Note to this table: if a company received FU5 it could also have received FU3 in the evaluation period.

Table 5.8 Number of follow-up projects during the evaluation period (2001-2005)

	FU 1	FU2	FU3	FU4	FU5	FU6	FU 7	FU8	Total
EZ	417	92	24	5	1				539
DGIS	929	226	62	20	8	4	1	1	1,251

Source: PRINS database

In the table above the number of follow-up projects is given. The table shows a steep decrease after FU2, which is quite normal, since companies can benefit from some extra assistance, but eventually need to do it by themselves again. In some 40 cases (2% of total follow-up projects) there have been more than 3 follow-up projects executed. This means a very prolonged assistance by PUM. It should be noted that a company needs to pay after the third follow-up project.

### Findings

In the "new" evaluation form the assisted company is asked if they expect to apply for additional PUM assistance in the future.<sup>58</sup> In the "new" debriefing form the expert is asked if he would consider a follow-up project by him or by another expert useful. The tables below show the results of these questions.

<sup>56</sup> Annual report 2005 DGIS.

<sup>57</sup> Annual report 2005 EZ.

<sup>58</sup> The "new" evaluation and debriefing forms were introduced in 2004, therefore not all companies have filled out the form.

Table 5.9 Results evaluation form on follow-up projects (2004-2005)

n=2255	Yes	No	Uncertain
Apply for assistance in the future	2,100	44	111
	93.1 %	2.0 %	4.9 %

Source: PRINS database, analysis NIBConsult

The table shows that almost all companies expect to apply for PUM-assistance in the future.

Table 5.10 Results debriefing form on follow-up projects (2004-2005)

n=2432		Assistance from the same expert			
Assistance from a different expert		yes	no	unknown	total
	yes	393	80	83	556
		<b>16.2 %</b>	<b>3.3 %</b>	3.4 %	
	no	950	247	199	1,396
		<b>39.1 %</b>	10.2 %	8.2 %	
	unknown	332	41	107	480
		13.7 %	1.7 %	4.4 %	
	total	1,675	368	389	

Source: PRINS database, analysis NIBConsult

To consider for how many projects a follow-up was useful and to avoid duplication the table above shows (only for experts who filled out both questions) for how many projects a follow-up would be advisable. 16.2% of the experts think assistance from both himself and from a different expert would be useful. 39.1% feels assistance from him would be useful. In total 58.5% of the experts of the first project think assistance from him, a different expert or both could be useful.

If we compare this with the above mentioned 93% of the assisted companies who expect to apply for additional PUM-assistance, there is a discrepancy. Real conclusions cannot be drawn from these tables, but there is an indication that assisted companies seem to think a follow-up project could be useful, even if the assisting experts don't seem to think so.

As presented before, the number of follow-up projects actually executed is even lower, i.e. about 25% of the projects.

#### Opinions on follow-up projects from interviews, questionnaires and field research

In interviews and the field research some comments were made on the fact that sometimes the expert who assisted the first project is not asked to execute the follow-up project. Some thought the reason for this would be the PUM policy to have a maximum of 2 projects per year performed by an expert. If the company asks for the same expert and PUM assesses this request useful, PUM should consider to send the same expert again, even if it is his third project that year.

#### *Questionnaires*

In the questionnaires respondents were asked what reasons could be given for applying for a follow-up project. Multiple answers were possible. Table 5.11 presents the percentage of experts, LR's CC's and SC's who agree with the answers that were possible.

Table 5.11 Results questionnaires

Possible answers	Respondents				
	experts	LR's DGIS	LR's EZ	CC's	SC's
The original goals have not been achieved during the first project	25.9 %	25.5 %	30 %	33.3 %	22.6 %
Additional problems have been identified that have not been solved yet	21.7 %	40.4 %	65 %	42.4 %	77.4 %
A follow-up can greatly improve the effect	72.6 %	85.1 %	95 %	97.0 %	90.3 %
A more prolonged assistance is required	65.0 %	57.4 %	60 %	71.9 %	45.2 %

Source: Questionnaires NIBConsult

Most respondents to the questionnaire mentioned that "A follow-up can greatly improve the effect". In addition the respondents could give their own reasons also. Some of the reasons mentioned by the respondents were:

- To stimulate and to evaluate the steps taken in the first project;
- Implementation of recommendations of the first project;
- If equipment has to be purchased a follow-up can be useful if the expert needs to assist in using this equipment;
- On request of the applicant;
- Some results can only be seen after some time, for instance agricultural products need time to grow.

Most respondents would like to give the company some homework on the end of the first project and come back later to evaluate the progress made and to give some final advice.

#### Follow-up by the same or another expert

In addition to the decision whether or not a follow-up project is useful there is the question who should execute the follow-up; the same expert or a different one.

Below some pro's and con's to the decision whether or not the same expert should execute the follow-up project are presented, which were addressed in the interviews and during field research.

#### *Same expert advising*

Positive:

- The expert knows the company and therefore can focus immediately on the specified problems;
- The company knows the expert and knows what to expect, which makes co-operation possibly easier.

Negative:

- All persons involved can benefit from yet another project without questioning the necessity of the project.<sup>59</sup>

#### *Other expert advising*

Positive:

- Other expertise is required to solve the problem;
- New and fresh ideas;

<sup>59</sup> The company gets further assistance, the expert is pleased to offer this assistance, the LR gets his allowance for initiating the follow-up project and the project contributes to the targets that have to be reached by the CC and the SC (and PUM).

- If the company is progressing, sometimes it needs advice on another area.

Negative:

- The expert doesn't know the company yet, for the co-operation between the company and the expert it is like a first project.

In the field research 77% of the follow-up projects were performed by the same expert as the first project. Table 5.12 shows the data for the companies in the different countries that were visited during the field research.

Table 5.12 Number of follow-up projects performed by the same or a different expert

	Number of FU's	Number of FU's performed by the same expert	Number of FU's performed by a different expert	Number of FU's performed by the same expert as % of total number of FU's
Bulgaria	7	6	1	86 %
India South	8	7	1	88 %
Kenya	2	2	0	100 %
Peru	1	1	0	100 %
Russian Federation 3	9	6	3	67 %
Uganda	4	2	2	50 %

Source: Analysis NIBConsult

### *Field research*

In the field research the results of follow-up projects were quite diverse. Below a selection of these results is presented:

- In Bulgaria a company was visited by an expert in 2003 and later by another expert who has executed two projects at the company. He gave excellent advice and between these two projects he arranged contacts in the Netherlands. The projects were very successful and the time was well used;
- In Uganda two follow-up projects were executed at the same company, on the same subject, by the same expert. The problem stated by the company had to do with the secondary process of a small consulting firm. In our opinion this is not the best example of a useful follow-up project. Another company in Uganda received three different experts. In the first visit general advice was given on the entire production process. In a follow-up visit by another expert, specific advice was given on particular areas of the production process, identified by the first expert. In a third visit yet another expert assisted the company in expanding its product range;
- In India a company received four projects by the same expert. We found that the last project(s) were maybe not very useful. Another expert might bring some new ideas that could be of more use, than four times the same one;
- In Peru a company received four projects, executed by three different experts. In the first visit technical advice was given on the production process of a specific product out of the product range of a company. In a second visit another expert was asked to evaluate the possibilities for export of another product produced by the company (i.e. coffee pods). After one day the expert advised negative on such development. In close consultation with the LR and the company it was decided to change the objective of the visit; the expert started to develop an overall strategy and turnaround for the entire enterprise. This has resulted in significant improvements of the business results. In addition, a BLP was organised for the general manager, where he estab-



lished contacts with Dutch enterprises, resulting in a trade relation (export to the Netherlands). On the basis of the strategic advice of this expert, in a follow-up visit another expert provided technical advice in an area that was considered promising to the company. All project visits proved to be useful, although it would have been better if the expert who had drawn up the strategic advice would have been involved in an earlier stage;

- In Russia a construction company received four visits by the same expert. In the first project, technical advice was provided on starting-up a new activity. After his first project visit, the expert helped to establish contacts with potential suppliers of equipment. The initial purpose of the first follow-up visit was to train employees on working with the equipment purchased in the Netherlands. Unfortunately, the machine was damaged during transport to Russia. As a result the purpose of the visit was changed. Logistical advice was given with respect to the newly to be constructed factory. In addition, working instructions were given to personnel. In a second follow-up the personnel was trained how to operate with new equipment (purchased in Germany). Afterwards, the company started to gain a market share on this new activity. In a final follow-up visit training and working instructions were provided, as well as logistical advice and advice on the organisation of operational tasks. Moreover, The expert arranged a BLP in the Netherlands. As a result, the company has established business contacts with Dutch companies and is currently negotiating to obtain an exclusive licence for the production of prefab construction systems in Russia. Apart from the second visit, the other visits proved to be useful.

### Conclusions

The implementation and the execution of the implemented policy for follow-up projects is effective. The policy of PUM concerning follow-up projects consists of building long term relations, improving the quality of projects and increasing the potential for business links and trainings. The field research showed that follow-up projects can improve the quality of projects, mainly as a result of a longer relationship between the applicant and the expert. If a follow-up has taken place, it is more likely that business contacts will be developed between the applicant and a Dutch company.

Whether a follow-up project is useful for a particular company has to be decided case-by-case, since every situation is different, as was shown in the field research.

PUM has been stimulating follow-up projects for the past few years. Although a clear increase in the percentage of follow-up projects is shown throughout the evaluation period for both DGIS and EZ, PUM has not reached its target (set by itself) for both EZ and DGIS yet.

### Question 11

*To what extent are the products “training and business links” effective in relation to the objectives of both Ministries?*

The focus in this question is on the effectiveness of the products trainings and business links in relation to the objectives of both ministries. In case targets have been set by the ministries, these targets will be used in the determination of the effectiveness of the products business links and trainings.

Since 2006 PUM uses the same evaluation and debriefing forms for trainings and business links as for projects. Before that every applicant and expert could choose its own format, therefore no results are stored in the PRINS database. A survey in the Netherlands among Dutch companies to verify the results was beyond the scope of the ToR, therefore only results from the field research and official numbers can be considered when evaluating the products business links and trainings. The ef-

fectiveness of individual business links and trainings cannot be determined within the scope of this evaluation.

The objectives concerning business links and trainings are different for the ministries, therefore the results of the evaluation will be discussed separately.

#### Ministry of Economic Affairs (EZ)

One of the objectives of EZ is to stimulate the participation and presence of Dutch companies and products on foreign markets.<sup>60</sup> One of the reasons for assisting companies is to challenge obstructions in the area of knowledge, information and contacts.

A way to tackle these obstructions is to stimulate the transition of companies in Eastern Europe from state ownership to the private sector. Knowledge transfer is considered an important instrument that PUM possesses in order to stimulate this transition.

On the subject of trainings and business links EZ's objective for PUM is to contribute to and to stimulate the development of contacts and commercial relations between Dutch and Eastern European Countries. Trainings and business links are important in fulfilling the objective to position Dutch companies on foreign markets.

The targets stated in the annual agreements with PUM with respect to business links and trainings are presented in the table below. In addition the table presents the realised business links and trainings as well as the extent to which the targets of EZ were realised.

Table 5.13 Business links and trainings in EZ countries (in number of persons)

	Target EZ	Realised by PUM	Realised as % of target
2005	85	112	132 %
2004	75	116	155 %
2003	60	90	150 %
2002	Not stated	89	n.n.
2001	Unknown	55	n.n.
Total 2001-2005		462	n.n.

Source: PRINS database and annual agreements

If only the numbers are taken into account, PUM realizes far more than the annual targets set by EZ. It should be noted that the table only shows the business links and trainings which were established through the BLP and the training programme of PUM. There are even more business links developed outside of PUM. This subject will be elaborated further in chapter 7.

In the annual agreement 2005 of the Ministry of Economic Affairs, trainings and business links are considered Category 2 products that may be subsidised. The same criteria apply as for the selection of projects, i.e.:

- Minimum of 85% commercial companies<sup>61</sup>
- Maximum of 15% enabling environment organisations

<sup>60</sup> Annual Agreement 2005, Annex 2.

<sup>61</sup> The annual agreement for 2005 states 85%. The annual report for 2005 however states 90%.

- Companies have to be on an SME-scale with a maximum of 1,000 employees
- Companies have to be privately owned, or in the process of becoming privately owned

#### Ministry of Foreign Affairs (DGIS)

In the annual agreements of DGIS no specific statements are made on the objective of the ministry concerning business links and trainings. There are no targets stated in the annual agreements. PUM contributes to the objectives of DGIS by the development of the local economy in relation to poverty reduction.<sup>62</sup> To accomplish this, DGIS stimulates the transfer of knowledge and skills of Dutch entrepreneurs to local entrepreneurs in under-developed countries.<sup>63</sup> Unlike EZ there are no specific targets stated for PUM with respect to training and business links in DGIS countries. Table 5.14 presents the number of trainings and business links realized by PUM in DGIS countries.

Table 5.14 Business links and trainings in DGIS countries in number of persons

	Realised by PUM
2005	138
2004	154
2003	116
2002	82
2001	83
Total 2001-2005	573

Source: PRINS database

#### Results of the questionnaires for both ministries

In the questionnaires to the experts and CC's some questions were asked about business links and trainings. 46% of the experts has no experience with trainings or business links. 13% has experience with both, 12% only with business links and 29% only with trainings. Almost 90% (n=112) of the experts rate trainings as "good" or "excellent". For business links this is nearly 80% (n=68). In the table below the response of the CC's is presented. A distinction is made between EZ and DGIS. The number of respondents per sponsor is too low to give an accurate analysis of the response. In total there is hardly a difference between EZ and DGIS, but the CC's active in DGIS countries rate trainings and business links slightly less positive than CC's active in EZ countries.

Table 5.15 Rating training programme

	n	Excellent	Good	Sufficient	Poor
CC EZ	6	33.3 %	66.7 %		
CC DGIS	20	20 %	65 %	15 %	
CC EZ/DGIS	7	42.9 %	57.1 %		

Source: Questionnaire NIBConsult

<sup>62</sup> Source: Terms of Reference.

<sup>63</sup> Source: Terms of Reference.

Table 5.16 Rating Business Link Programme

	n	Excellent	Good	Sufficient	Poor
CC EZ	6	50 %	50 %		
CC DGIS	18	16.7 %	66.7 %	16.7 %	
CC EZ/DGIS	7		100 %		

Source: Questionnaire NIBConsult

### Results of field research

The results of the field research concerning business links and trainings will be discussed in chapter 7, question 17.

### Conclusions

The focus in this question is on the effectiveness of the products trainings and business links in relation to the objectives of both ministries. The evaluation of the effectiveness of individual business links and trainings is beyond the scope of this evaluation. The objectives for EZ are translated into targets (in numbers of persons). PUM has reached these targets (which have been increased annually) easily during the applicable period (2003-2005).

DGIS has not translated the objectives in targets. There has been an increase in the number of business links and trainings during the evaluation period (with a slight decrease in 2005), but since no targets were stated no comments can be made if the products were effective for DGIS.

Business links and trainings are a side-product for DGIS and a primary product for EZ, therefore it is considered more important for EZ compared to DGIS.

Trainings can serve the same purpose as business links for the positioning of Dutch companies in foreign markets (EZ). For the purpose of knowledge transfer (DGIS) trainings could be more useful. In the questionnaires, both business links and trainings are rated very well, though only half of the experts have experience with either one of the programmes.

## 5.3 Conclusions

On the basis of the evaluation, the following conclusions can be made on the effectiveness of the programme:

- In general the identification and selection of projects, the support and aftercare by the Local Representatives is useful. The functioning of the LR has improved during the evaluation period, in particular in relation to the acquisition activities. During the evaluation period PUM has increased the job responsibilities of the LR's, tried to improve the performance-standard of the LR's and tried to increase the influence on their functioning. Measures taken include the provision of frequent and elaborate instructions on the required working method, the replacement of less performing LR's and the establishment of a better country or regional spread, in which the presence of LR's better represent the degree of activities. In addition, LR's nowadays have to check the application before it is submitted to PUM. Nevertheless, there is still room for further improvements.<sup>64</sup>
- The performance of the staff volunteers was found positive and effective, although we noticed that the expansion of the PUM programme puts pressure on the organisation. The performance of the PUM volunteer organisation as a whole was found professional and in many aspects does

<sup>64</sup> See chapter 10.

not seem to differ from other non volunteer organisations. Both SC's and CC's performed their tasks in a professional and effective manner and were able to spend the time which is required for their functions. The selection process of staff volunteers is not transparent and creates irritation among some experts. The pool of experts where SC's are responsible for, is in a number of cases too large and most of them have not met the SC.

- During the evaluation period the PUM management has taken some measures to improve the effectiveness of the organisation. These actions made the organisation more effective compared to the previous evaluation period. Information is much more accessible and the organisation is better structured. Nevertheless, the span of control of the management is considered too large and is at present under consideration in order to relief the General Director from some of his tasks.
- The registration and reporting, both on individual and programme level, is sufficiently managed to monitor the programme's effectiveness, at least in terms of compliance with the annual agreements. The introduction of the PRINS database is a substantive improvement to the PUM operational management in terms of effectiveness. From our point of view, it is hard to imagine how such a vast number of projects can be dealt with if there was not such a system. The database supports the monitoring of the project cycle and enables PUM officers to see what actions need to be taken. At the same time the database enables the Anamon department to produce progress reports on both project and programme level, which enables the PUM management to control the project flow.
- The monitoring of the effects of the programme has made a significant contribution to the effectiveness of the programme. It has been explained that apart from monitoring quantitative data, the PRINS database also keeps track of the results of the projects through different forms. It should be noted that, due to the change of these forms in mid 2004, it is difficult to analyse the developments of the achieved results throughout the entire evaluation period. The information gathered enables PUM to monitor the process closely and to act immediately when necessary. If targets are not reached trends can be analysed and causes can be identified. In this way, PUM has significantly improved the monitoring of the effects of the programme and hereby increased the effectiveness of the programme.
- The implementation and the execution of the implemented policy for follow-up projects is effective. The policy of PUM concerning follow-up projects consists of building long term relations, improving the quality of projects and increasing the potential for business links and trainings. The field research showed that follow-up projects can improve the quality of projects, mainly as a result of a longer relationship between the applicant and the expert. If a follow-up has taken place, it is more likely that business contacts will be developed between the applicant and a Dutch company. PUM has been stimulating follow-up projects for the past few years. Although a clear increase in the percentage of follow-up projects is shown throughout the evaluation period for both DGIS and EZ, PUM has not reached its target (set by itself) for both EZ and DGIS yet.
- The evaluation of the effectiveness of individual business links and trainings was beyond the scope of this evaluation. The objectives for EZ are translated into targets (in numbers of persons). These targets have been reached during the evaluation period (2003-2005). Therefore the products training and business links are effective in relation to the objectives of EZ. DGIS has not translated the objectives in targets. There has been an increase in the number of business links and trainings during the evaluation period (with a slight decrease in 2005), but since no targets were stated no comments can be made if the products were effective for DGIS.

## 6 Efficiency of PUM

### 6.1 Introduction

In this chapter, the efficiency of the PUM programme will be examined. In the Terms of Reference, efficiency is defined as the relation between costs and quality of measures used and the direct results (output). PUM has operated during the evaluation period under a contract with both DGIS and EZ, for which agreements were made with regard to output financing, the distribution of fixed and variable costs and the related reporting. In this chapter we will address whether these agreements have been met or not.

The ToR further specifies efficiency with the following operational questions:

12. To what extent has PUM realised the agreements under the terms of output financing during the evaluation period?
13. How did the costs per project develop in relation to the achieved results during the evaluation period?
14. Assess the extent to which the applied (automation) systems and procedures are sufficient to monitor the efficiency of the project.
15. Does the internal monitoring system comply with the financial reporting terms of EZ and DGIS?
16. To what extent does the present country policy of PUM meet the objectives of EZ and DGIS and to what extent are adjustments desirable?

These questions will be answered and followed by conclusions for each question. Section 6.3 presents final conclusions with regard to the efficiency of the PUM programme. Recommendations will be made in chapter 10.

### 6.2 Questions

Question 12:

*To what extent has PUM realised the agreements under the terms of output financing during the evaluation period? (12)*

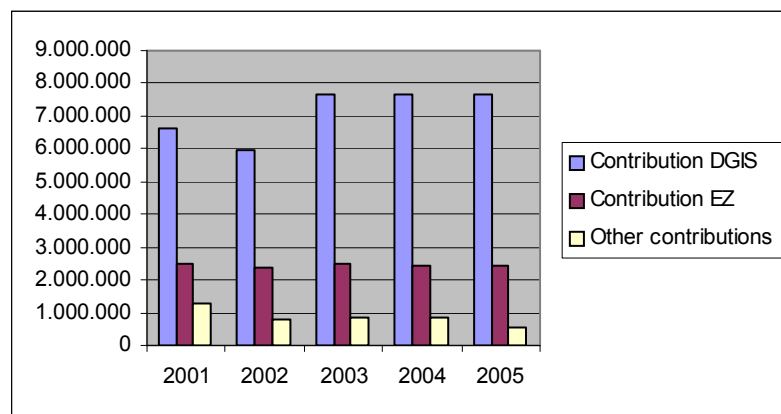
The activities of PUM are subsidised by the Dutch government, mainly by the Ministry of Foreign Affairs (DGIS) and the Ministry of Economic Affairs (EZ). In this section it will be examined to what extent PUM has realised the agreements that have been made with DGIS and EZ. For this purpose, a brief outline of these agreements will be given. In addition, it will be explained how the distribution of costs have developed during the evaluation period.

#### Total budget of PUM

In 2005, the total budget that PUM had at its disposal was EUR 10,640,960. 72% of this total is sponsored by DGIS, 23% by EZ, while the remaining 5% is sponsored by other parties. Other sponsors of the programme include the Netherlands Ministry of Housing, Spatial Planning and the Environment, The Dutch Ministry of Agriculture, Nature and Food quality, The Confederation of Netherlands Industry and Employers (VNO/NCW) and the Programme Deployment of Civil Servants

(PUA).<sup>65</sup> Figure 6.1 gives an overview of the contributions in the years 2001-2005 (all amounts in EUR):

Figure 6.1 Contribution of main sponsors 2001-2005



Source: PUM

Figure 6.2 gives an overview of the differences between the budget and actual cost realisation for the main sponsors (amounts in EUR).

Figure 6.2 Actual cost realisation compared to the budget 2001-2005



Source: PUM

The figure shows that the actual cost realisation is somewhat lower than the programme budgets. The main explanation given for these lower costs, is that PUM must stay within the boundaries of the budget (as will be explained in the next section). Although it is understandable that the budget limits have to be taken in account, the question can be raised if PUM shouldn't have aimed for higher project targets. At the same time it must be clear that in practice there are limits to the steering possibilities in the short run. It appears that measures to increase or to stabilise the number of project applications can have significant effects. For example, in 2005 PUM has tried to stabilise the

<sup>65</sup> The PUA programme was terminated in 2004.

number of project applications for DGIS by instructing the LR's to restrict their acquisition efforts. This measure was taken so literally by the LR's that at the end of that year PUM had to make huge efforts in order to reach the initial target set for that year.

#### Development of the distribution of costs

The main subsidy providers and PUM have made an agreement that is based on output finance. "Output finance" means that the total amount of the subsidy that PUM receives from its sponsors is related to the number of projects it performs in a year. In practice, this means that PUM only receives the full sum that is available for a year, when it realizes a project turnover that is at least 90% of the budget. When PUM realizes a project turnover larger than 110% of the budget, the additional costs are not refunded. The subsidy is based on the following three components:

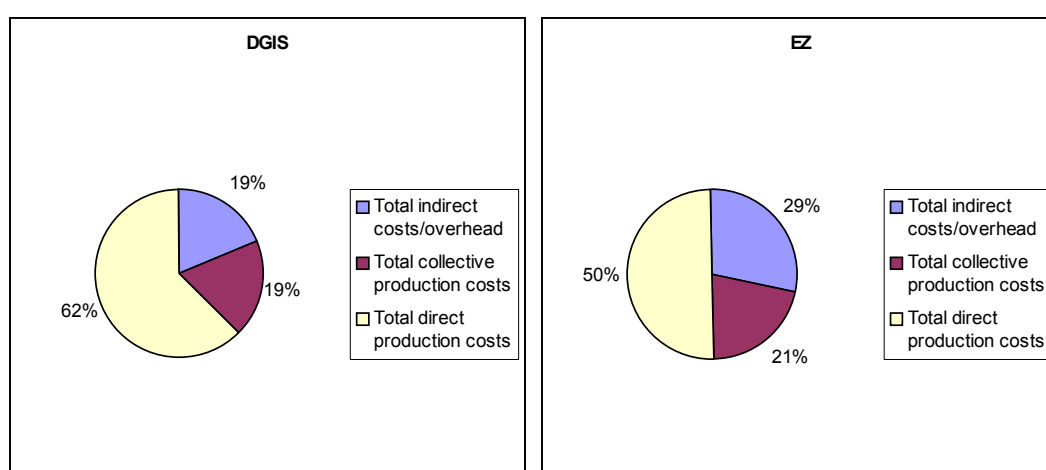
1. A lump sum for the coverage of the basic costs
2. A lump sum for the coverage of the collective (indirect) production costs
3. A refund per product for direct production costs

The *basic costs* are costs that are made for the organisation as a whole. They cannot be allocated exclusively to the production. Examples are costs related to staff, housing, office, IT and promotion. The *collective (indirect) production costs* are costs that are related to the total production, but cannot be allocated to one specific project. Examples are costs related to communication, PBR coordinators and staff volunteers. *Direct production costs* are all production costs that can be allocated to single projects. Examples are direct employment costs (among which travel expenses), disbursements to Local Representatives and costs related to trainings and business links.

The basic costs and collective (indirect) production costs form the fixed part of the subsidy. The amount of these costs can only be adjusted in the next annual agreement. As the direct production costs are related to the number of projects that have been carried out, they form the variable part of the subsidy. As such, these costs form the output finance component of the annual agreement.

Figure 6.3 presents the distribution of costs between these three components in the evaluation period. The results are presented separately for DGIS and EZ.

Figure 6.3 Average cost distribution period 2001-2005



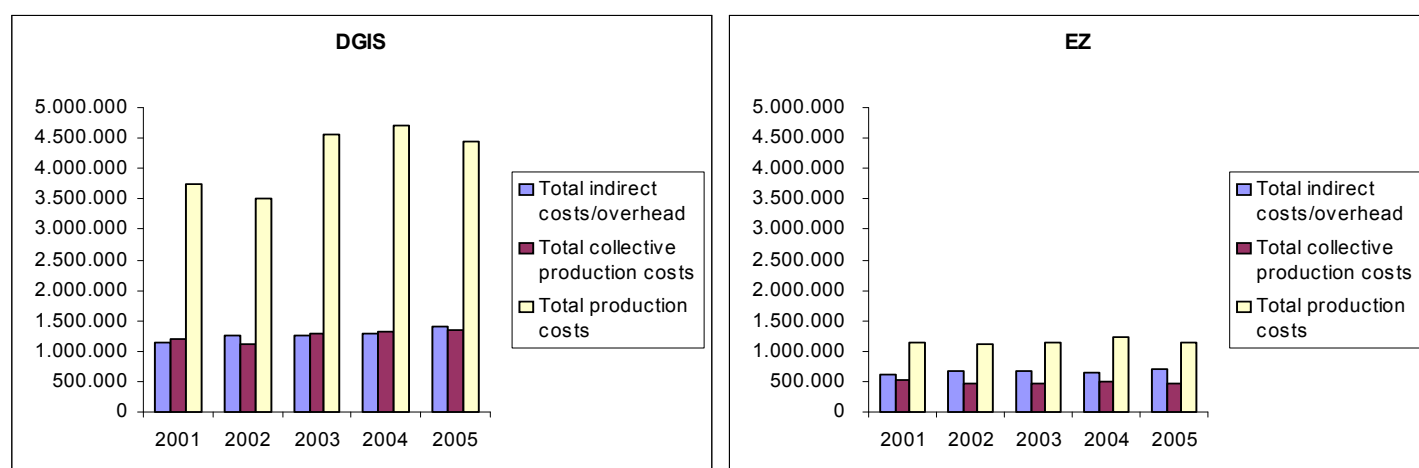
Source: Analysis NIBConsult



Figure 6.3 gives an impression of the average production costs for the period 2001-2005. The figure shows that the total direct production costs form the largest expenditures in the budget. To a large extent this is due to the travel costs. The travel cost are highly related to the country where the projects take place. In general the longer the flight takes, the more expensive the ticket is. This explains the higher impact of travel costs on the DGIS budget: 78% of the total direct production costs are related to these direct project costs. The travel costs are even further inflated by the internal policy that experts can fly business class in case flights have a duration of more than nine hours.<sup>66</sup> For the EZ budget 67% of the direct project costs is related to travel costs. Other significant items in the direct production costs are the costs for Local Representatives (on average 9.7% for DGIS and 18% for EZ) and costs related to trainings and Business Links (on average 8.7% for DGIS and 13% for EZ).

In the period 2001-2005 the costs attributed to DGIS have increased significantly. To a large extent this is caused by an increase in the total production costs. This increase is mainly explained by the increased number of projects. The costs attributed to EZ in this period have remained more or less stable. An overview of the cost developments for both sponsors is given in figure 6.4.

Figure 6.4 Cost developments in the period 2001-2005



Source: Analysis NIBConsult

The costs attributed to the basic costs and indirect production costs have increased. For DGIS, this increase is mainly caused by the increased personnel costs (from EUR 1,010,630 in 2001 to EUR 1,217,990 in 2005) and costs for the Local Representatives (from EUR 346,550 in 2001 to EUR 453,690 in 2005). For EZ, the increase is mainly caused by the increased personnel costs (from EUR 538,230 in 2001 to EUR 581,840 in 2005) and costs for housing (from EUR 85,280 in 2001 to EUR 150,000 in 2005). An explanation for this increase in indirect costs for both DGIS and EZ in 2005 is the termination of the PUA programme. As from this year the costs, which were initially covered by the PUA budget, were proportionally distributed over the DGIS and EZ budgets.

<sup>66</sup> In practice this means all flights to destinations further east than mid-India, sub-Sahara flights and all flights to Latin America and the Caribbean.

## Conclusions

PUM has realised the agreements under the terms of output financing throughout the evaluation period. To a large extent PUM has fulfilled its obligations that are mentioned in the agreements which have been made with all sponsors. Another observation is that in general the actual cost realisation was lower than the available budgets. A third observation is that the costs of the PUM programme have increased during the evaluation period. This increase is mainly explained by the increased number of projects.

## Question 13

*How did the costs per project develop in relation to the achieved results during the evaluation period?*

As explained in chapter 5, question 9, the assessment of the achieved results of the PUM programme is complicated by different factors. In addition, in that question it was concluded that, due to the change in registration of the achieved results in the course of 2004, it is difficult to analyse the developments of the achieved results throughout the entire evaluation period. Therefore the focus in this question will be on the development of the costs per project during the evaluation period. These costs will be compared with the development of a couple of efficiency related processes, such as: the duration of the projects and the average costs per project day. The same comparisons will be made with regard to trainings/BLP's.

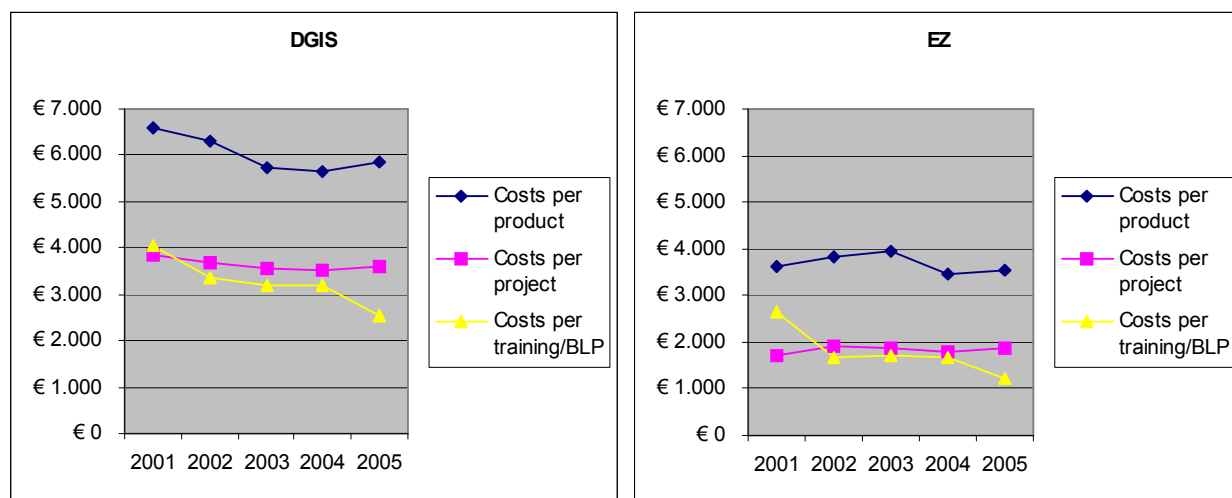
### *The development of costs per project*

In question 12 the annual budgets for DGIS and EZ have been presented. From this, it can be derived that the development of the cost categories showed a slight increase. As mentioned, an explanation for the increase in costs for the PUM budgets is that the number of projects has increased significantly. In 2001, 873 projects and 83 training/BLP's were carried out for DGIS, while 590 projects and 55 training/BLP's were carried out for EZ. In 2005, the number of projects and trainings/BLP's were respectively 1,078 and 138 for DGIS and respectively 532 and 112 for EZ. Figure 6.5 shows how the increase of costs relates to the increase of the total products, projects and trainings/BLP's.<sup>67</sup>

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<sup>67</sup> For an explanation of the products training and business links, see question 11.

Figure 6.5 Development of costs per product, project and training/BLP



Source: Annual Reports PUM, analysis NIBConsult

This figure presents the development of the *costs per product* during the evaluation period. These costs include all direct *and* indirect costs that can be attributed to a product (project/training/BLP).<sup>68</sup> The *cost per project* are all costs that can be directly attributed to the actual visit of the expert. It includes the direct travel costs, as well as the costs made for the LR.<sup>69</sup> The *costs per training/BLP* can be defined as costs that can be directly attributed to a training or BLP.

A first observation is that the *costs per product* are significantly higher for DGIS than for EZ. To a great extent this is explained by the higher travel costs (as explained under question 12). In addition, the figure provides more insight in the cost efficiency per product. As was observed in the previous section the total costs for DGIS have increased. As is explained under question 12, this increase is partly caused by the termination of the PUA programme in 2004 (by terminating the PUA programme, the indirect costs on the DGIS and EZ budget increased). At the same time it is observed that the number of DGIS products has also increased significantly throughout the evaluation period. As the figure shows, the increase in the number of products has exceeded the increase in costs: Between 2001 and 2005 the average costs per product have decreased with more than EUR 700. This is an efficiency gain of 11%. For EZ, the total costs have remained more or less stable, while the number of products has slightly decreased. Here, the figure shows that the costs per project have remained more or less stable: in 2005 an average product costs some EUR 60 less than in 2001. This is an efficiency gain of 2%.

In addition, figure 6.5 gives insight in the *costs per project*. For DGIS, the average costs per project have decreased with EUR 277, an efficiency gain of 7%. Explanations for this gain must be found in the developments of airfares and the decrease in costs for daily allowances as a result of the reduced duration for DGIS projects (as will be explained below). For EZ, the average costs per project have slightly increased with EUR 166. At first glance this suggests an efficiency loss of 10%. However, in this case it is difficult to relate the increase in costs per project to the performance of PUM. Due to significant changes in the country portfolio for EZ during the evaluation period, the number of

<sup>68</sup> Because the costs per product include all direct and indirect costs, these costs are much higher than the costs per project and the costs per training/BLP (which include direct costs only). This should be noted when comparing these different cost developments.

<sup>69</sup> This definition, as well as the definition for the costs per training/BLP, is used by PUM in the annual reports for DGIS and EZ.

projects has decreased (from 590 in 2001 to 532 in 2005). As a result the (fixed) overhead costs had to be beared by a smaller number of projects. Moreover, as from 2004, the EZ portfolio includes countries which are located further away from the Netherlands, resulting in higher airfares (variable costs).<sup>70</sup> These two developments explain the increase of 10% of the costs per project.

Finally, figure 6.5 gives insight in the costs per training/BLP. As the figure shows, the average costs per training/BLP have decreased significantly, both for DGIS and EZ. For DGIS, the average costs per training/BLP have decreased with EUR 1,464, while for EZ these costs have decreased with EUR 1,398. This is an efficiency gain for DGIS and EZ of respectively 64% and 47%. This efficiency gain can be explained by the sharp decrease in costs in 2002, notably by the low travel costs in that year. As explained under question 12, the bigger the distance between the Netherlands and the visited country, the higher the travel costs are. Compared to other years in the evaluation period, the number of trainings and BLP's in countries that are far away from the Netherlands, particularly India and Indonesia, were limited. A second explanation is that the average duration per training/BLP has decreased in the evaluation period, which resulted in a decrease in the accommodation expenses (the decrease of the average training/BLP duration will be explained below).

#### *Project duration and costs per day*

An indicator for measuring the efficiency of a project is its duration. The project duration explains how much time was spent on the projects. Table 6.1 gives an overview of the average project duration in the period 2001-2005.

Table 6.1 Average project duration 2001-2005 (in days)

	2001	2002	2003	2004	2005
DGIS	19	19	18	16	17
EZ	9	10	10	10	10

Source: PRINS database, analysis NIBConsult

As the table shows, the average duration for DGIS projects has steadily decreased, while the average duration of EZ projects is rather constant. For DGIS, the period 2001-2005 reveals a trend in which PUM experts are becoming less available for longer stays per project. At the same time, the number of follow-up visits has increased (as is explained in question 10). According to PUM, these two developments did not happen by mere coincidence, but reflect a deliberate strategy to improve the quality of the PUM activities. By performing shorter, but more frequent visits, the expert can better monitor the applicant companies' efforts and take action when he discovers that his recommendations are not implemented. A glance at the (new) application form confirms the increased attention for realising the recommendations of previous projects. A side effect of these shorter projects is that the costs of the daily allowances have been reduced. This may explain the decrease in costs per project that was presented in figure 6.5. Although the average project duration has remained more or less constant for EZ, a similar trend has been observed with regard to the follow-up projects. As for the DGIS projects, the focus on the assessment of the activities of previous projects has been intensified and incorporated in the application form.

<sup>70</sup> Until 2004, the EZ portfolio included the then candidate member states of the EU. After their accession to the EU, they have have been replaced by countries which are located further away from the Netherlands.

In order to prevent the project duration from becoming too short and hereby possibly undermining the quality of a project, PUM has defined a minimal project duration for both DGIS and EZ of respectively 10 and 7 days.

When the average project duration is compared with the average costs per project, an impression of the cost per project day is obtained. The results are presented in table 6.2.

Table 6.2 Average costs per project day

	2001	2002	2003	2004	2005
DGIS	€ 177	€ 170	€186	€ 200	€ 201
EZ	€ 119	€ 128	€ 108	€ 135	€ 130

Source: Analysis NIBConsult

As the table shows, the average costs per project day have somewhat increased for both DGIS and EZ. This increase is partly due to the cost developments that have already been described in the previous question. For DGIS, an additional explanation can be found in the reduction of the project duration. As the travel costs form by far the biggest item and can hardly be influenced, their relative claim on the project costs per day has increased as a result of the decreased project duration.

#### *Training/BLP duration and costs per day*

For the trainings/BLP's a similar overview can be given as for the projects. Table 6.3 presents an overview for the average duration of the training/BLP.

Table 6.3 Average training/BLP duration 2001-2005

	2001	2002	2003	2004	2005
DGIS	18	17	17	16	14
EZ	12	11	11	10	9

Source: Analysis NIBConsult

Table 6.3 shows a decrease in the training/BLP duration for both DGIS and EZ. According to PUM, this decrease is not related to any policy directives, but a result of the change in the availability of the experts. In the course of the evaluation period, PUM has noticed that the experts are increasingly engaged in other activities (apart from PUM). Therefore they have become much more selective in both the time and the duration of the trainings/BLP's.

Table 6.4 presents the average costs per training/BLP.

Table 6.4 Average costs per training/BLP day

	2001	2002	2003	2004	2005
DGIS	€ 226	€ 212	€ 191	€ 193	€ 183
EZ	€ 225	€ 150	€ 151	€ 150	€ 141

Source: Analysis NIBConsult

Table 6.4 shows a significant decrease in costs per training/BLP for both DGIS and EZ. As explained above, this is caused by the countries from which the trainings/BLP's originate and by a de-

crease in the accommodation expenses. The latter is a result of the decrease in the duration of the training/BLP.

### Conclusions

The approach to this question focussed on an assessment of the development of the costs per project during the evaluation period, whereby these developments cannot be related to the achieved results of the PUM programme throughout the evaluation period. As explained, this is a result of the fact that an assessment of the achieved results is complicated by different factors and the registration of these results has changed throughout the evaluation period.

For DGIS, the average *costs per project* have decreased with 7% during the evaluation period. Explanations for this decrease must be found in the developments of airfares and the decrease in costs for daily allowances as a result of the reduced duration for DGIS projects. For EZ, the average costs per project have increased with 10% during the evaluation period. Explanations for this increase are a decrease in the number of projects (the fixed overhead costs have to be beared by a smaller number of projects) and an increase in travel costs (airfares) as a result of a changed country portfolio.

However, when the indirect costs are taken into account in the *costs per product* (this includes both projects and trainings/BLP's), the outcome is different. In this case, an efficiency gain is obtained for DGIS and to a lesser extent for EZ (respectively 11% and 2%). The higher efficiency gain for DGIS per project can be explained by the fact that the total number of projects that is carried out for DGIS has also significantly increased, while the total number of EZ projects has slightly decreased.

Finally, it is observed that the average project duration has decreased for DGIS. As a result, the average costs per project day have slightly increased. For EZ, the average project duration has remained constant. With regard to the average training/BLP, it is observed that the duration has decreased for both DGIS and EZ. As a result, the average costs per training/BLP day have decreased.

### Question 14

*Assess the extent to which the applied (automation) systems and procedures are sufficient to monitor the efficiency of the project.*

This section examines to what extent the applied (automation) systems and procedures are sufficient to monitor the efficiency of the project. To a large extent, these systems and procedures have already been described in chapter 5, in questions 8 and 9. It has also been explained that the monitoring of the project cycle and results to a large extent is being carried out through four different forms. Under this question it will first be explained how these forms have been altered during the evaluation period. After this, it will be explained which actions have been taken to improve the quality of the forms that are being used by PUM. Subsequently, the relation to the monitoring of the project efficiency is discussed. Finally, it will be examined which project indicators are being used by PUM in order to monitor the efficiency.

As explained earlier under question 8, there are four different forms in circulation:

- 1) The application form, which is filled out by the applicant (and hereby assisted by the Local Representative)
- 2) The debriefing form (which is filled out by the expert after completion of the project)
- 3) The evaluation form (which is filled out by the applicant after completion of the project)

- 4) The survey form (which is filled out for a selection of projects by the Country Coordinator, during his PBR survey)

Each of these forms will be discussed below. In this regard, a description of the contents is given, after which the quality of this content in relation to the monitoring of the project efficiency is discussed.

#### The application form

In the course of 2004, the content of the application form has been revised. Important additions or improvements with respect to the previous application form concern:

- A better layout/categorisation of the different topics
- The introduction of predefined answers
- The reasons for the request of assistance (problem definition)
- The applicant's expectations of the PUM assistance
- The required project conditions
- A new set of questions concerning follow-up projects (if applicable)

The above mentioned additions/improvements have contributed to a good understanding of the applicant and its request for support. The acquired information strongly contributes to the decision making process by the CC, SC and Anamon. Additional improvements to the application procedure were made in 2005. As from this year, applicants are able to fill out the form online on the PUM Website (sometimes supported by the LR). This has significantly improved the efficiency of the application process.

Together with the application form, the contents of the forms for debriefing, evaluation and survey have been revised in the course of 2004.

#### The debriefing form

Important additions or improvements with respect to the previous debriefing form concern:

- A better layout/categorisation of the different topics;
- The designation of the Sector Coordinator concerned (so that it is visible for all staff members who is/was the concerned SC);
- More detailed questions concerning the project preparations by PUM, the project itself and the project support;
- More detailed questions concerning the application in relation to the actual situation of the applicant (i.e. the problem definition);
- More detailed questions concerning the results of the previous project (in case of a follow-up project);
- More detailed questions concerning the results of the current project. An accurate division has been introduced between aspects such as the usefulness of the suggested recommendations, the extent to which the applicant accepted the recommendations and the potential consequences of the recommendations on the company's performance.

The revised debriefing form provides much more relevant information on the (expected) results of the projects. By entering the acquired information in the PRINS database, it has become possible to gather and cumulate all individual project results and subsequently analyse these results at programme level. In this respect it can be concluded that significant improvements have been made in the evaluation period.

### The evaluation form

With respect to the previous evaluation form, the following additions or improvements have been made:

- A better layout/categorisation of the different topics
- More detailed questions concerning the project preparations by PUM, among which the time needed to present the expert's CV to the applicant
- More detailed questions concerning the rating of the expert
- More detailed questions concerning the expected results of the expert's recommendations
- More detailed questions concerning additional PUM assistance, such as follow-up projects

To a great extent, the findings on the debriefing form also apply to the evaluation form, as the content of the two forms shows some overlap. Of course, the additional value of the evaluation form is indisputable, as it reflects the opinion of the applicant. By comparing the results of these two forms, a too biased impression on the project results can be avoided. In practice some improvements still have to be made. As already mentioned under question 9, it is the evaluator's impression that the answers given by the applicants are sometimes too positive.<sup>71</sup>

### The survey form

With respect to the previous survey form, the following additions or improvements have been made:

- A better layout/categorisation of the different topics;
- More detailed questions concerning the implementation of the expert's recommendations and the results of these recommendations on the applicants business development;
- More detailed questions concerning additional PUM assistance/activities, such as follow-up projects or Business Links.

With regard to the survey form, the same conclusions can be drawn as for the evaluation form.

### Indicators used to monitor the efficiency of the project

Apart from the use of the forms mentioned, the PRINS database also registers a number of indicators that monitor the project efficiency. The following indicators are used by PUM:

- The annual number of projects carried out by a CC
- The annual number of projects carried out by a PrOf
- The annual number of projects carried out by an LR
- The throughput time of the intake
- The throughput time of expert selection

With regard to these indicators it must be mentioned that they are not all related to individual projects. This is obviously the case when measuring the number of projects. Of course, the fact that the number of projects is considered an important indicator to PUM, is on its own an indicator for the PUM project policy: it demonstrates that PUM is highly orientated on achieving the output goals, as formulated in the annual agreements.

Three sets of efficiency indicators can be distinguished:

1. The costs per project
2. The number of projects per PUM officer
3. The throughput time per project

The first set is discussed under question 12 and 13. The other two sets will be discussed below.

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<sup>71</sup> It was concluded in chapter 5, question 8, that the answers "excellent" and "good" are frequently given by both the expert and the applicant company, while the answer "poor" is given only sporadically.



#### *The number of projects per officer*

- Number of projects per CC:

In 2001, the available budget that the CC's had at their disposal anticipated on a number of 50 projects per year. This budget has increased and by 2005 it anticipates on a number of 60 projects per year. These numbers are averages. In practice the number of projects varies per CC, which is caused by the specific characteristics of the country that is managed by a CC. For example, it is much easier to realise 60 projects per year in a country such as Romania, the Russian Federation or India, than in a country such as Uganda or Nepal. The number of projects per CC are frequently reported to the PUM management and subsequently discussed with the individual CC's.

- Number of projects per PrOf:

For the PrOf's, the number of projects per year has increased from an average of 90-100 in 2001 to an average of 140 in 2005. In practice, the numbers vary per PrOf. Similar to the CC's, the number of projects per PrOf is frequently reported to the PUM management and subsequently discussed with the individual PrOf.

- Number of projects per LR:

The average number of projects per LR in 2001 was 9 projects. This number is slightly decreased to 8 in 2005.<sup>72</sup> Also these numbers are averages. In practice the spread in projects per LR is substantial. In 2005, 13 LR's were active in the Russian Federation, while in total 228 projects have been carried out, corresponding to an average of 18 projects per LR.

The number of projects per LR are frequently reported to the PUM management. When the performances of the LR are questioned, the management and the CC concerned discuss what actions have to be taken.

#### *The throughput time per project*

- Throughput time of the intake:

The throughput time of the intake process is the time it takes to assess a project application. The intake process is performed by Anamon, the CC and the SC. The aim of PUM is to finish the intake process in one week. Usually, however, this process takes a week and a half. With regard to the development of the throughput time per project during the evaluation period, there is no information.

- Throughput time of expert selection:

The throughput time of expert selection is the time it takes for the SC to find the right expert for a project. During the evaluation period the throughput time of finding an expert for a project has decreased from 6 ½ - 7 weeks in 2001 to 3 - 3 ½ weeks in 2005. One explanation for this decrease is the appointment of the SC in 2003. PUM has made the SC solely responsible for finding the right expert, which has tremendously increased the control on this process: as is discussed in chapter 5, question 9, the Anamon department produces monthly progress reports for the Management, in which the throughput times of each individual SC are presented. This has made it possible for the management to address a SC when his throughput times are longer than average and discuss potential causes for this delay. Despite the increased control, it still happens occasionally that it takes much longer to find the right expert. This is mostly the case when specific expertise is required.

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<sup>72</sup> These means are calculated by dividing the total number of projects in one year by the total number of LR's that were in service. In 2001, around 1,600 projects were carried out, while 185 LR's were in service. In 2005 these numbers were respectively 1,800 and 225.

- The throughput time of the project:

The throughput time of the project is the time it takes to complete a full project cycle. Under question 13, it was explained that this throughput time was reduced for both DGIS and EZ.

### Conclusion

The applied automation systems and procedures have been substantially improved in the years 2001-2005. They suffice to monitor the efficiency of the projects. As explained, the monitoring of the project performances is arranged by both the PRINS database and the different forms.

It was observed that the design of all forms has been thoroughly adjusted in the course of 2004. For all forms, the lay-out has improved and the number of topics/questions has increased.

Finally, a number of efficiency related indicators are discussed. With respect to these indicators it is observed that they are not all related to individual projects. Instead, the number of projects per officer is considered an important indicator to PUM, as PUM is highly oriented on achieving the output goals, which are formulated in the annual agreements.

### Question 15

*Does the internal monitoring system comply with the financial reporting terms of EZ and DGIS?*

The agreements between PUM and DGIS and EZ are stated in separate ministerial orders.<sup>73</sup> Below an overview of the main requirements is given for both Ministries. Subsequently, it will be explained to what extent the internal monitoring system complies with the described financial reporting terms.

### Agreement with the sponsors

For DGIS and EZ, the following agreements have been made:

At the beginning of each year of the agreement, PUM must provide a separate activity plan, a budget proposal and a liquidity forecast to both ministries. The information provided depends on the specific requirements of the ministries (i.e. the DGIS report deals with the developing countries, while the EZ report deals with the EZ countries). The activity plan must:

1. Provide an indication of the planned activities;
2. Provide an overview of the personnel and material means that are required for performing these activities;
3. Present the annual targets. The budget proposal must include an overview of the estimated income and expenditures.

Possible adjustments to the specified performances which are bigger than 15% of the original budget, must be submitted to the concerning minister (DGIS or EZ).

By the end of each year, PUM must provide the two ministries with both an operational and financial report over the last 12 months. (With EZ it is agreed to provide an operational report twice a year).<sup>74</sup> The operational report should contain an overview of the realised activities and the extent to which the annual targets have been realised. The financial report must include an overview of both PUM's estimated and realised income and expenditures. If the difference between the estimated and real-

<sup>73</sup> The agreements that are explained in this section are based on the DGIS Ministerial order 2004-2007 and on the EZ Ministerial order 2005.

<sup>74</sup> As explained in chapter 3, question 1, the number of progress reports is reduced in the evaluation period.

ised expenditures of a specific entry is bigger than 15%, this must be explained. The financial report must be accompanied by an auditor's report.

Furthermore the agreement describes that the financial budget provided by both ministries is made available in advance (for DGIS this is twice a year).

#### Compliance of the internal monitoring systems with financial reporting terms

As described in chapter 5, question 8, the PRINS database stores all relevant information on the project progress. The financial reporting originates from the financial administration database. This is a separate database which holds track of all money flows. The information that is stored in both databases is combined for the composition of financial reports. The information is used for both internal and external reporting. From conversations with the Anamon department, it is concluded that the information presented in both the operational reports and the budget proposals is received in good order by the two ministries. This statement is confirmed by interviews with representatives of both ministries. Regarding the compliance of the internal monitor system with the financial reporting terms, DGIS and EZ can influence the list of countries and target groups (for example further tailoring of the country policy with the DGIS/EZ country policy and more focus to SME's).

Simplification in the steering and controlling of PUM by both ministries (as is stated in the ministerial order 2003) has been implemented. When compared to the previous evaluation period, the content of the operational reports has clearly improved. The reports sufficiently provide relevant information. When additional questions are posed, these are generally answered quickly by PUM.

#### Conclusion

With regard to financial reporting, the internal monitoring system complies with the terms of EZ and DGIS. It is observed that the ministries can sufficiently influence PUM's activities. In addition, the quality of the reports has improved during the evaluation period.

#### Question 16

*To what extent does the present country policy of PUM meet the objectives of EZ and DGIS and to what extent are adjustments desirable?*

In this section the country policy for both ministries will be presented as well as adjustments that PUM has made to this policy, if applicable. No research will be done whether PUM should be present in a specific country. This is beyond the scope of this evaluation.

#### The objectives of EZ and DGIS

The policy objectives of both ministries are discussed in chapter 4. In this section we will briefly refer to these objectives.

PUM's contribution to the objective of EZ is to create favourable conditions for international economic activities and to stimulate a participation and presence of Dutch companies and products on foreign markets.<sup>75</sup> The objective of DGIS for PUM is to stimulate the development of local business in developing countries and to create poverty reduction. To accomplish this DGIS stimulates the transfer of knowledge and skills.

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<sup>75</sup> Terms of Reference "Evaluatie Programma Uitzending Managers (PUM) 2001-2005".

The country policy of both ministries is based on the objectives stated above. The policy relating to the countries assisted by PUM is different for EZ and DGIS. Below a summary is taken from the annual agreements.

#### Country policy of the Ministry of Economic Affairs

- 2002

PUM will have to execute at least 75% of its 500 projects in PSO-core countries, namely the Russian Federation, Bulgaria, Romania and Ukraine. 10% of the projects needs to be executed in Croatia and Moldova. The number of projects in pre-accession countries needs to be diminished to 15%.

- 2003

PUM will focus on PSO-core countries: the Russian Federation, Bulgaria, Romania, Ukraine, Croatia and Moldova.

- 2004

PUM will focus on the Russian Federation, Bulgaria, Romania, Ukraine, Croatia and Moldova.

- 2005

PUM will focus on the Russian Federation, Bulgaria, Romania, Ukraine, Croatia, Serbia, Kazakhstan and Turkey.<sup>76</sup>

In summary the country policy for EZ is as follows:

Each year focus countries are identified. During the evaluation period the Russian Federation, Bulgaria, Romania, Croatia and Ukraine were structural focus countries. In 2005 Moldova was shifted to DGIS, while Morocco was shifted to EZ. Basically EZ focuses on neighbouring countries of the European Union.

#### Country policy of the Ministry of Foreign Affairs

During the evaluation period some of the country policies were altered. Part of the reason was the change in ministers at the Ministry of Foreign Affairs. According to DGIS projects can only take place in countries that are listed in part I of the DAC-list.

- 2003

At least 70% of the 1,050 projects should take place in so-called partner countries.

- 2004-2007

At least 75% of the 1,200 projects should take place in partner countries, PSOM countries and ORET countries.

In the annual agreement for 2001-2002 the list of assisted countries was attached to the annual agreement. There were no comments made on the percentage of projects taking place in either of the countries.

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<sup>76</sup> In the course of 2005 Morocco changed sponsors from DGIS to EZ. As stated earlier in this report we have counted Morocco as a DGIS country for 2005.

In summary the country policy for DGIS is as follows:

- Projects can only take place in countries stated in part I of the DAC-list;
- 70-75% of all projects for DGIS should take place in partner countries, PSOM countries and ORET countries.

#### Country policy of PUM

According to the agreement with DGIS for 2004-2007 PUM is free to decide in which countries the remaining 25% of projects will be executed as long as it concerns countries of part I of the DAC-list. For this 25% PUM focuses on assisting particular regions.<sup>77</sup> According to the management of PUM everything that can be done in Africa should be done.

PUM has the policy to generate at least 10 projects per country per year. If a country generates less than 10 projects a year, the continuation of the presence of PUM is in question, according to PUM. Sometimes the political situation prevents projects from taking place, but also other reasons occur like for instance an inactive LR or visa-problems. The exact reasons behind the lack of projects executed are beyond the scope of this evaluation. If a country generates less than 10 projects continually during a period of 3 years, the country is likely to be deleted from the list by PUM.

#### Opinions

##### *EZ countries*

The focus of EZ is on countries neighbouring the European Union. Some of those countries are in the process of accession to the European Union. If a country joins the EU it is transferred to the EZ policy or the EU-policy. PUM projects have the potential to result in the participation of Dutch companies on these foreign markets and therefore it could be quite useful to assist these applicants. The effects on companies in the Netherlands however is not thoroughly analysed yet and therefore the precise effectiveness is unknown. This will be discussed in chapter 7, question 17.

The Russian Federation is separated into 3 zones by PUM. This enables the Local Representatives to cover "their" area. Russian Federation 1 and 2 cover the western part of Russia. Russian Federation 3 stretches from the Ural to Vladivostock. The Russian Federation is a neighbouring country to the European Union and therefore a potential business partner, but the area around Vladivostock is more likely to do business with China. Only a few projects have taken place in that area. These exceptions can be quite costly. The choice of countries is therefore considered a sound one, except for one part of a region in the Russian Federation, which is disputable.

##### *DGIS countries*

In 2005 projects were executed in 68 DGIS countries, of which 33 were partner-countries. Out of the 35 non-partner countries 22 countries received less than 10 projects in 2005.<sup>78</sup> We used the method PUM uses to evaluate the list of countries on the criterion that less than 10 projects are generated continuously for 3 years. If we would apply this to the last 3 years of the evaluation period, 11 countries would be deleted from the list, including one partner country. Of course the evaluation should consider more than just performance-numbers. We applied the numbers strict, without taking political situations etc. into account; therefore the number of countries deleted would be less. In practice also common sense should be used when evaluating the list of countries.

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<sup>77</sup> Interview with Jan Röben, general director of PUM.

<sup>78</sup> Annex 6.1 presents a list of countries where projects were executed during the evaluation period, including the number of projects executed.

The PRINS database does not report on effects on for example poverty reduction or employment creation of projects executed. Therefore there is no information available if certain countries “perform” better than others. Based on the information obtained during this evaluation no conclusions can be drawn on the statement if PUM should be present in a specific country.

### Conclusion

The present country policy of PUM meets the objectives of EZ and DGIS. For EZ every year a country list is made available by the ministry. According to the agreement with DGIS for 2004-2007 PUM is free to decide in which countries 25% of projects will be executed as long as it concerns countries of part I of the DAC-list. For these projects PUM focuses on assisting particular regions. Constant evaluation is part of the annual evaluation of the DGIS country list. If a country generates less than 10 projects per year for a period of 3 years and no special circumstances have taken place, the country is likely to be deleted from the list. This evaluation is done on a structural basis by PUM. Based on the findings no adjustments are needed.

## 6.3 Conclusions

In this chapter, it is examined how efficient the structures and processes of the PUM organisation and its activities are organised. In general one could say that these actions made the organisation more efficient. Below, an overview of the most important conclusions is presented:

### *Output finance*

- PUM has realised the agreements under the terms of output financing throughout the evaluation period. To a large extent PUM has fulfilled its obligations that are mentioned in the agreements which have been made with all sponsors. Another observation is that in general the actual cost realisation was lower than the available budgets. A third observation is that the costs of the PUM programme have increased during the evaluation period. This increase is mainly explained by the increased number of projects.

### *Costs per project*

- For DGIS, the average costs per project have decreased with 7% during the evaluation period. Explanations for this decrease must be found in the developments of airfares and the decrease in costs for daily allowances as a result of the reduced duration for DGIS projects. For EZ, the average costs per project have increased with 10% during the evaluation period. Explanations for this increase are a decrease in the number of projects (the fixed overhead costs have to be borne by a smaller number of projects) and an increase in travel costs (airfares) as a result of a changed country portfolio.
- However, when the indirect costs are taken into account in the *costs per product* (this includes both projects and trainings/BLP's), the outcome is different. In this case, an efficiency gain is obtained for DGIS and to a lesser extent for EZ (respectively 11% and 2%). The higher efficiency gain for DGIS per project can be explained by the fact that the total number of projects that is carried out for DGIS has also significantly increased, while the total number of EZ projects has slightly decreased.
- Finally, it is observed that the average project duration has decreased for DGIS. As a result, the average costs per project day have slightly increased. For EZ, the average project duration has remained constant. With regard to the average training/BLP, it is observed that the duration has decreased for both DGIS and EZ. As a result, the average costs per training/BLP day have decreased.

#### *Efficiency of the project*

- The applied automation systems and procedures have been substantially improved in the years 2001-2005. They suffice to monitor the efficiency of the projects. As explained, the monitoring of the project performances is arranged by both the PRINS database and the different forms.
- It was observed that the design of all forms has been thoroughly adjusted in the course of 2004. For all forms, the lay-out has improved and the number of topics/questions has increased.
- Finally, a number of efficiency related indicators are discussed. With respect to these indicators it is observed that they are not all related to individual projects. Instead, the number of projects per officer is considered an important indicator to PUM, as PUM is highly orientated on achieving the output goals, which are formulated in the annual agreements.

#### *Financial reporting*

- With regard to financial reporting, the internal monitoring system complies with the terms of EZ and DGIS. It is observed that the ministries can sufficiently influence PUM's activities. In addition, the quality of the reports has increased during the evaluation period.

#### *Country Policy*

- The present country policy of PUM meets the objectives of EZ and DGIS. For EZ every year a country list is made available by the ministry. According to the agreement with DGIS for 2004-2007, PUM is free to decide in which countries 25% of projects will be executed as long as it concerns countries of part I of the DAC-list. For these projects PUM focuses on assisting particular regions. Constant evaluation is part of the annual evaluation of the DGIS country list. If a country generates less than 10 projects per year for a period of 3 years and no special circumstances have taken place, the country is likely to be deleted from the list. This evaluation is done on a structural basis by PUM. Based on the findings no adjustments are needed.

## 7 Business contacts as a result of PUM

### 7.1 Introduction

This chapter covers the questions concerning business contacts between applicants of the PUM programme and Dutch enterprises, as stated in the ToR in questions 17 through 21:

- 17 According to the PUM organisation a large part of the applicants has developed business contacts with Dutch companies, as a result of PUM advice. Is this correct? And if so, what are the results of these contacts?
- 18 To what extent has PUM co-operated with Dutch stakeholders?
- 19 To what extent is the PUM policy to develop business contacts between applicants and Dutch companies effective?
- 20 What could PUM do more to stimulate business contacts?
- 21 To what extent are these business contacts also established in other countries, or could these be established?

These questions will be answered and followed by conclusions for each question. Section 7.3 presents final conclusions with regard to business contacts. Recommendations will be made in chapter 10.

### 7.2 Questions

#### Question 17

*According to the PUM organisation a large part of the applicants has developed business contacts with Dutch companies, as a result of a PUM advice. Is this correct? And if so, what are the results of these contacts?*

The focus in this question is to report on the business contacts that have been developed as a result of PUM advice, either developed through the PUM programmes for business links and trainings or through the expert himself, by use of his own business network. PUM advice as stated in the question can be either a project, a business link or a training.

Business contacts cover a wide range of contacts; from a short meeting or a training to a prolonged business relationship or even a joint venture between a PUM applicant and a Dutch company. Business contacts can be developed through PUM by the training and business link programme ("official") or outside PUM ("unofficial"). In order to answer this question, the nature and results of all business contacts developed through PUM or outside PUM, as observed in the desk research and field research, will be addressed. In the answer on question 19, where we will deal with the effectiveness of PUM's policy to develop business contacts, more can be found on the training and business link programme.

#### Results desk research

PUM has a programme to stimulate the development of business links between Dutch companies and local companies, the Business Link Programme (BLP). Business contacts can be developed officially (i.e. through PUM, by means of the BLP or the training programme) or unofficially (i.e. out-



side of PUM, not by means of the BLP or the training programme). The policies concerning the BLP and the training programme will be discussed in question 19.

Officially an expert can apply for a business link on behalf of a (foreign) company through the PUM-organisation.<sup>79</sup> In this programme one (or more) employee(s) travel(s) to the Netherlands to visit a Dutch company with a view to developing a (trade) relation. The official source of information concerning business contacts is the PRINS database.

#### *Business contacts stored in the PRINS database*

- Business contacts as a result of the BLP

The PRINS database lists 318 executed Business Links in the period 2001-2005. Table 7.1 shows the “official” number of business links for both EZ and DGIS.<sup>80</sup>

Table 7.1 Business links as a result of the BLP (in number of persons)

	2001	2002	2003	2004	2005
EZ	17	32	37	55	77
DGIS	11	10	15	24	40
Total	28	42	52	79	117
Total projects EZ	590	496	501	567	532
Percentage BLP	2.9 %	6.5 %	7.4 %	9.7 %	14.5 %
Total projects DGIS	873	849	1,140	1,130	1,078
Percentage BLP	1.3 %	1.2 %	1.3 %	2.1 %	3.7 %
Total projects EZ and DGIS	1,463	1,345	1,641	1,697	1,610
Percentage BLP	1.9 %	3.1 %	3.2 %	4.7 %	7.3 %

Source: PRINS database, analysis NIBConsult

Table 7.1 shows an increase in the number of Business Links executed in EZ countries. On request of EZ, PUM presents the number of Business Links in number of persons involved. Each person participating in a BLP on behalf of the applicant is considered a business link. The average duration of a BLP has been around 7 days for both Ministries.

The relative lower number of business links for DGIS compared to EZ is as expected, since business links are part of the EZ policy and are stimulated more throughout the EZ countries.<sup>81</sup> For DGIS the number of business links increased as well during the evaluation period.

Regarding the calculation it should be noted that table 7.1 gives an indication only, because business links are basically a follow-up of a previous project. For example, a project is executed in 2001 and the business link is executed in 2003. To relate the number of business links to the projects executed in the same year is, strictly speaking, not correct. However, to determine when the original project has taken place and relate this to the business link connected to that project is beyond the scope of this evaluation. For indicative reasons table 7.1 gives an acceptable presentation.

<sup>79</sup> See question 19.

<sup>80</sup> Moldova went from the sponsorship by EZ to DGIS in 2005. Morocco became part of the EZ sponsorship during 2005.

<sup>81</sup> See question 11 on the EZ policy concerning business links.

- Business contacts as a result of the Training programme

The PUM Training Programme is closely connected to the PUM Business Link Programme. Both programmes are concerned with developing contacts between foreign (local) and Dutch companies. The emphasis of the programmes is slightly different; Business links are contacts between local and Dutch companies in order to develop relations concerning trade or purchasing equipment. Trainings are contacts to transfer knowledge.

The PRINS database lists 717 executed trainings during the evaluation period. The average duration of a training in the database has decreased from 20 days in 2001 to 17 days in 2005 for DGIS and from 14 to 12 days for EZ.

Table 7.2 Training in number of persons

	2001	2002	2003	2004	2005
EZ	38	57	53	61	35
DGIS <sup>82</sup>	72	72	101	130	98
Total	110	129	154	191	133
Total projects EZ	590	496	501	567	532
Percentage Training	6.4 %	11.5 %	10.6 %	10.8 %	6.6 %
Total projects DGIS	873	849	1,140	1,130	1,078
Percentage Training	8.2 %	8.5 %	8.9 %	11.5 %	9.1 %
Total projects EZ and DGIS	1,463	1,345	1,641	1,697	1,610
Percentage Training	7.5 %	9.6 %	9.4 %	11.3 %	8.3 %

Source: PRINS database, analysis NIBConsult

Table 7.2 shows a constant increase in the number of trainings until 2004. In 2005 the number of trainings dropped for both Ministries. The explanation given by PUM in their annual report to EZ was that emphasis was made to the BLP instead of trainings (and since the distinction between a BLP and a training programme is sometimes difficult to make, both programmes are more or less combined).

#### *Annual reports*

In the annual reports to EZ and DGIS, PUM specifies some examples of results on business links and trainings. It has to be noted that these are examples and not all business contacts are mentioned in the reports.

For EZ some examples were given about business contacts that resulted in import and export and the purchase of goods. More than half of the examples show a result, varying from the transfer of knowledge to a joint venture. Approximately 40% of the contacts mentioned did not show tangible results (yet).

For DGIS it is observed that most reported business contacts have to do with the transfer of knowledge, i.e. trainings. A lot of trainings take place at a so-called PTC+ course, which offers various trainings in the field of plants, animals and technology. This is not surprising since agriculture and agro-production cover approximately one third of all projects for DGIS.

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<sup>82</sup> Incl. CAIEP.

#### *Previous evaluations done by PUM*

One of the goals of the Dutch Ministry of Economic Affairs (EZ) is to develop business contacts between the Netherlands and countries in Central and Eastern Europe. In order to assess all business contacts (official and unofficial), PUM has surveyed in 2003 and 2005 the development of business contacts between companies in EZ countries and Dutch companies. The results of this survey are stated in the publication "PUM in Central and Eastern Europe, business in the Netherlands" (PUM in Midden- en Oost-Europa, zaken in Nederland). For the evaluation PUM sent a questionnaire to all experts that performed projects in EZ countries in the previous year. If experts performed more than 1 project, they filled out multiple questionnaires, one for each project. This way all assisted companies and their potential developed business links were evaluated separately. We consider this a good way to get a clear view on all companies.

The main result of the survey in 2003 is that 20% of the companies which received PUM advice have developed business contacts with a Dutch company.

In 2005 the study was repeated. The results show an increase to 31% in the percentage of companies that have developed business contacts with Dutch companies. The total number of assisted companies was slightly less compared to 2003 (468 vs. 471).

According to these studies most of the established contacts concern imports (2005: 23% of the established contacts), exports (2005: 6%) or both (2005: 8%), and the purchase of (second hand) goods (2005: 28%).

As shown in the evaluations done by PUM, not all business contacts are established "officially" through the BLP or the training programme of PUM.

#### Results questionnaires

In the questionnaire (see section 2.3) experts were asked if business contacts were developed as a result of their project(s). 60% of the respondents answered "yes", approximately 25% "no", 15% does not know. 13% of the contacts are said to be developed through both trainings and business links, 18 through trainings and 14% through business links. 55% of these contacts are said to be developed without a training or business link. On the question if business contacts were developed without interference from PUM, 45% confirmed this, 24% denied this, while 31% did not know.

#### Results field research

In the interviews during the field research attention was paid to the subject of business contacts between the companies visited and the Netherlands. Also the interviewed LR's and other organisations (e.g. Chamber of Commerce) were asked about their experiences. The results with regard to the number of business contacts are shown in table 7.3.<sup>83</sup> The number of business contacts according to PUM is represented in the number of single (i.e. unique) companies in order to compare the numbers with the field research.

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<sup>83</sup> If foreign companies have developed contacts with multiple Dutch companies, we take each business contact under consideration. It should be noted that interviewed companies could have developed their contacts outside the evaluation period.

Table 7.3 Result field research on business contacts

	Total number of BLP during evaluation period <sup>84</sup> in single companies	Total number of trainings during evaluation period in single companies	Number of companies in field research which received BLP	Number of companies in field research which received training	Business contacts observed in field research (BLP, training and other business contacts) <sup>85</sup>
Bulgaria	4	7	2	1	7
India	2	9	1	3	5
Kenya	1	3	0	1	3
Peru	3	8	2	2	3
Russian Federation 3	17	10	3	1	5
Uganda	0	6	0	1	1

Source: Analysis NIBConsult

In the field research all business contacts (trainings and business links) are combined due to the fact that a distinction between both is sometimes difficult to make. The table shows a higher number of business contacts reported by the individual companies, than by PUM. This is due to the fact that some contacts were established outside of PUM (i.e. not by means of the BLP or the training programme). This was also the result stated in the evaluation done by PUM for EZ countries. In Annex 7.1 the details and results of the business contacts as mentioned by the interviewed companies during the field research are presented.

One of the possible indirect effects of the Business Link Programme mentioned in the field research is that companies who have participated in the BLP act as active promoters of the Netherlands.

### Conclusion

The evaluation shows that a large part of the assisted companies has developed business contacts. The number of business contacts developed by means of the BLP or the training programme has increased during the evaluation period, both for EZ and DGIS.

Moreover, the evaluation by PUM as well as the questionnaires and field research show that many additional contacts have been established outside of PUM, i.e. not through the BLP or training programme. The evaluations done by PUM show that most of these contacts concern imports and exports and the purchase of (second hand) goods. The field research confirmed this. Some results are not visible yet, since it takes time to develop the contacts.

<sup>84</sup> Total number of business links, in unique companies.

<sup>85</sup> This is the minimum number of business contacts observed. Some companies mentioned contacts with several Dutch companies, but didn't specify precisely how much, therefore the exact number cannot be presented.

#### Question 18

*To what extent has PUM co-operated with Dutch stakeholders?*

In answering this question the potential stakeholders in the Netherlands will be identified. The number and the nature of the co-operation with different stakeholders (other than the ministries) will be discussed as well as results, if applicable. We can differentiate between co-operation with Dutch stakeholders based abroad and in the Netherlands. Dutch stakeholders abroad are discussed in question 22.

There are sometimes meetings (on average four times a year) between PUM and CBI, FMO and SNV. Most of these meetings are visits by the General Director (and the Financial/Operational Director) of PUM in order to establish further co-operation.

Interviews were held with both CBI and PUM in order to identify the status of the co-operation between these programmes. In a speech last year, the minister urged the programmes to extend their co-operation.

#### CBI

There are similarities between the CBI-target group and the PUM-target group. Both programmes focus on SME-companies. The difference lies in the field of expertise and the duration of the assistance to foreign companies. CBI focuses solely on the potential for export to the Netherlands and usually provides a prolonged assistance to companies. PUM focuses on diverse sectors and assistance and provides short-term assistance (with the possibility of follow-up). Another difference is the status of the companies assisted in terms of development. CBI assists companies that have developed a product that is ready to be exported to Western countries. PUM assists companies that are in the process of developing such products.

Although there are some differences, there could be a strong basis for co-operation. For example PUM-experts operating in sectors that are likely to eventually consider export (e.g. agro-production). An initial PUM-project could lead to the development of products that could be exported to Western countries. If the company needs further assistance to realise the export, CBI could bring in its expert to enable this.

Also a CBI-project at a company that would need some further assistance in other areas could be redirected to PUM. CBI trains trainers and advisers as well. PUM could potentially make use of this. CBI also has extensive contacts with local BSO's and operates a programme to strengthen BSO's for export promotion (see chapter 8). These contacts can be useful for PUM-experts.

#### Other stakeholders

In the past some co-operation between PUM and EVD has taken place. There has been an initiative in order to stimulate the supply and demand of services and equipment ("HINTS"). This initiative was eventually terminated due to its complexity to sustain.

One of the obstacles in developing relations with Dutch stakeholders is the difference in focus. Some programmes/organisations focus on larger companies/investments or a different kind of ownership of the companies.

Other potential stakeholders of PUM based in the Netherlands include:

- Cordaid
- Dutch Ministry of Economic Affairs (see chapter 3)

- Dutch Ministry of Foreign Affairs (see chapter 3)
- FMO
- Hivos
- ICCO
- NCDO
- OIKO credit
- Oxfam NOVIB
- PLAN
- SNV
- Triodos bank
- Triple Jump
- VNO-NCW

#### Branch organisations in the Netherlands

PUM has some contacts with branch organisations in the Netherlands, for example FME and a textile branch organisation. These organisations could present some possibilities for PUM, namely:

- Access to knowledge
- Access to contacts, potential PUM(-Young) experts
- Speakers for sector conferences

Whether this potential is used depends largely on the Sector Coordinator.

#### Conclusions

The management of PUM has meetings with some Dutch stakeholders. An interview with one potential stakeholder (CBI) made it clear that there is a potential for further co-operation. One of the obstacles in developing relations with Dutch stakeholders is the difference in focus. There is also potential for co-operation with branch organisations, but whether this potential is fully used depends largely on the Sector Coordinator.

#### Question 19

*To what extent is the PUM policy to develop business contacts between applicants and Dutch companies effective?*

This question covers the PUM policy to develop business contacts. Business contacts can be developed “officially” through a PUM product (see below) or “unofficially” through the expert’s own network. The focus in this question lies on the “official” contacts, i.e. organised through a PUM product. PUM has two main products in its policy to stimulate the development of business contacts, namely the Business Link Programme (BLP) and the training programme. These programmes will be discussed below.

The extent to which the PUM policy can be considered effective is determined according to the business contacts that have been developed as a result of PUM products. The effectiveness of the policy in relation to the objectives of both ministries was discussed in chapter 5, question 11. The total number of developed business contacts was discussed in question 17.

#### Description of the Business Link Programme (BLP)

PUM has a special programme to stimulate the development of contacts between foreign (local) and Dutch companies. The aim of the BLP is to develop trade-relations, sometimes in combination with financing (e.g. joint-ventures) and eventually to develop a relation between a foreign (local) company and a Dutch company, without further assistance from PUM.

The assisting expert has to apply for the business link programme on behalf of the local company. The debriefing concerning the project has to be finished before the application for the BLP. PUM assesses a business link application on feasibility and potential for success. The applicant (through the expert) must demonstrate he will benefit from a visit to the Netherlands. This is also to prove to Dutch companies that the foreign (local) company can benefit from the co-operation.

The maximum duration of a business link visit is 10 days. PUM will provide a plane ticket and pays for accommodation and travel expenses (for a maximum of 2 persons). The applicant must pay EUR 700 per trip to PUM as a contribution to the costs. The PUM-expert that performed the project has to prepare the programme and accompanies the visitor during his stay in the Netherlands.

#### Description of the training programme

The training programme has the same principle as the business link programme except that the emphasis lies on the transfer of knowledge instead of a trade relation. The client is invited to the Netherlands to take part in a practical course. These courses can vary from training in technical skills, to marketing or internal organisation. The training is only offered if it is not available locally and it must benefit the client's company or organisation. The training is organised by the assisting expert, who will also accompany the client during his stay in the Netherlands.

The training is explicitly designed to remedy problems that have been spotted in the company's business operations. The trainee must consequently be competent to apply the knowledge he/she has gained in the Netherlands to his/her company. Trainees are also expected to have a good command of English and to hand in an evaluation form on their training before leaving the Netherlands.<sup>86</sup>

PUM pays for the travel and accommodation expenses of the trainee up to certain budgetary limits. PUM does not pay any of the trainee's preliminary expenses. The applicant will be charged a standard fee of EUR 700 per training as a contribution to the costs. This amount has to be paid in advance of the training course. PUM covers the costs for up to 2 persons. If a company wants to bring more people, or needs to bring an interpreter it has to pay all additional costs. The duration of a training can vary from 2 to 6 weeks.

#### Results desk research

The number of business contacts developed as a result of the BLP and the training programme was discussed in question 17. This shows an increase in the number of Business Links executed in EZ countries. For DGIS countries the number of business links increased as well during the evaluation period.

Until 2004 a constant increase in the number of trainings as a result of the training programme was observed. In 2005 the number of trainings dropped for both Ministries. According to PUM this is due to the fact that the focus shifted to the BLP in 2005.

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<sup>86</sup> During the evaluation period the trainee and the assisting expert were both asked to write an evaluation. Before 2006 the expert and the trainee were handed a format for the evaluation, but the questions didn't have multiple choice answers yet and are therefore not stored in the PRINS database. Since 2006 the same evaluation and debriefing forms as for projects are used.

### Interviews and field research

To apply for the BLP the assisting expert has to draw up a detailed programme including a budget. In the interviews several experts mentioned that this is time-consuming and often difficult to predict. In interviews the main complaints about the BLP were the administrative nature and the time involved for the accompanying expert.

The administrative processing is considered necessary to PUM, because PUM compensates the travel and accommodation expenses in the Netherlands. Another reason for PUM to organise the travel arrangements for the business links is the fact that in the past visitors showed up early or late. This provided difficulties for the assisting expert in drawing up and sticking to the programme.

Experts are briefed before their project. They are asked to extend the scope of their expertise to assess if other problems exist in the assisted company. Furthermore they are asked to respond positively on any request for business contacts. To what extent experts carry out these requests by PUM is unknown. One of the things mentioned by the visited companies during the field visits, is that experts occasionally refrain from informing them about the training and business link programme.

Every 3 months a list containing all business contacts as promised by the expert is checked by PUM, in order to verify whether the assisting expert has followed up these contacts.

### Conclusions

The number of developed business contacts as a result of the BLP and the training programme increased during the evaluation period, both for EZ and DGIS. The extent to which the PUM policy can be considered effective is determined according to the number of business contacts that have been developed as a result of PUM products. Since the number of developed business contacts increased as a result of the products in the PUM policy, the policy can be considered effective.

### Question 20

*What could PUM do more to stimulate business contacts?*

As stated in question 19 an important reason for experts not to apply for the BLP, as given in interviews and appearing from the field research, is that application for the Business Link Programme is considered too time-consuming. The advising expert has to draw up a detailed plan and a budget. One expert said: "If you are an experienced expert you know better than to apply for the Business Link Programme. Just do it yourself!" In the questionnaire the respondents stated often that the BLP is very time-consuming for the expert. More assistance from PUM would be very welcome.

Based on the conclusions in question 19, there are basically two things that can be done in order to stimulate the BLP and the training programme:

- Decrease the efforts for the expert involved
- Keep track of results and if necessary interfere in the process

### Results from interviews

In addition to the above, there are more options for stimulating the development of business contacts. This can be done from the Dutch company point of view, or from the applicant's point of view. PUM has done research on the familiarity of PUM for Dutch managers. The result shows that most managers don't know what PUM does. If this awareness could be increased, companies would possibly be more willing to develop contacts. Awareness has another advantage; Pensioned managers



of Dutch companies know PUM and are more likely to volunteer. (More on this issue in chapter 5, question 6.)

The focus of PUM has shifted to bigger companies. According to the management of PUM more contacts can be established if the assisted company has a substantial size. This can indeed be the case. The drawback is that local companies still have to comply with the “top 10 priority rules” (See also chapter 3). The bigger the company, the more likely the company has enough financial means to find a local consultant to do the same job as a PUM-expert. Potential business contacts can be lost this way.

#### Results from questionnaires

The questionnaires to experts and LR's also asked if there would be ways to stimulate the development of business contacts. One of the things frequently answered was: to arrange more follow-up projects. After a project Dutch companies should be contacted by the expert. On the next project further actions can be taken to prepare the company for a visit to the Netherlands. Also follow-ups after a BLP were mentioned by several respondents. Another possibility mentioned was that the expert should present on every project a list of Dutch companies that could be useful for the assisted company.

In the questionnaires and interviews the following difficulties in developing business contacts were mentioned:

- The foreign market is not interesting enough, or not compatible with the Dutch market. One expert mentioned the fact that Dutch companies are sometimes unwilling to participate as they fear that local companies cannot guarantee a stable supply of goods that meet Western quality standards;
- Different expectations; e.g. foreign companies are looking solely for export possibilities and have no interest in developing a relation with a company;
- Language and cultural differences;
- The expert's network is not up-to-date.

In the questionnaires many experts stated that it depends on both the assisted company and the sector in which this company is active if business contacts can be arranged.

#### Opinions

If PUM wants to stimulate the development of business contacts, the organisation has to offer more support to the assisting expert. In order to keep track of the expenses incurred by the visit, PUM could arrange part of the visit itself, for instance by the PrOf. The expert would be responsible for the application, the programme, the contacts with the company in the Netherlands and should assist the visitor. The PrOf could support the expert, for example in arranging accommodation and transport. This works both ways. First of all, PUM can keep track of the main expenses (for instance accommodation) and secondly, the expert can focus on the “real” part of the visit, namely the programme and assisting the visitor.

#### Conclusion

PUM could take some measures in order to stimulate business contacts. PUM could try to increase awareness of what PUM does at companies in the Netherlands. This could also be useful for the recruitment of future volunteers. Furthermore PUM could decrease the time the expert spends on arranging the business contact by assisting the expert in arranging part of the visit, for example transportation and accommodation.

## Question 21

*To what extent are these business contacts also established in other countries, or could be established?*

In this question some organisations in other western countries with the same purpose as PUM will be reviewed, primarily on the topic whether they interfere with PUM or not. This means if they have the same target group and potential clients, the companies requiring assistance can be approached by multiple organisations.

There is no formal information available about business contacts developed by applicants with other Western countries. During the field research some business contacts were mentioned with companies in other countries. For example, one company first bought its second hand equipment in the Netherlands, but later on bought new equipment (of the same brand) in Germany. Sometimes experts refer to suppliers in other countries, for instance when equipment is not available in the Netherlands.

### Similar programmes in Western Countries

Germany has a similar programme, called SES. This programme is a standard part of any German trade mission, whereas the PUM programme is only occasionally part of a Dutch trade mission. The German expert is asked to prioritise trade between the foreign country and Germany. Another difference between SES and PUM is the way projects are financed. Larger customers of SES are always paying for their project. There are similar programmes in France and the United States, which prioritize even more on trade.

### CESES

The Confederation of European Senior Expert Services, known as CESES, is an international not-for-profit association of 24 organisations from all the member states of the European Union. The first such legal entity of its kind in Europe encompasses the skills of over 25,000 volunteers. Combining the vast resources of these organisations, CESES offers professional, voluntary, short-term assistance and advice to enterprises and institutions.<sup>87</sup>

In contrast with the Dutch PUM programme, under the terms of CESES the assisted companies have no obligation to pay for the local costs incurred by the expert (i.e. accommodation and local travel costs). The local representative of PUM in Peru told us that a company applied for assistance by PUM, the expert was matched and everything was already arranged when the company cancelled the project. There was no clear reason for this. It appeared that the company became aware of the fact CESES could deliver the same assistance, by the same expert (!) without having to pay for the local costs. To our opinion this kind of interference should not happen.

### Conclusion

There is no formal information about business contacts developed by applicants with other Western countries. During the field research some business contacts were mentioned with companies in other countries.

There is little overlap between PUM and other, similar programmes in Western countries. The target group is different, especially in China.<sup>88</sup> In other ODA countries differences in target groups are less, but still large enough to prevent overlap with PUM.

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<sup>87</sup> More information on CESES can be found on [www.ceses.net](http://www.ceses.net)

<sup>88</sup> China is not included in this evaluation (see chapter 2).

### 7.3 Conclusions

In this chapter business contacts between applicants of the PUM programme and Dutch enterprises were examined. This section summarizes the conclusions:

- The evaluation shows that a large part of the assisted companies has developed business contacts. The number of business contacts developed by means of the BLP or the training programme has increased during the evaluation period, both for EZ and DGIS. Moreover, the evaluation by PUM as well as the questionnaires and field research show that many additional contacts have been established outside of PUM, i.e. not through the BLP or training programme. The evaluations done by PUM show that most of these contacts concern imports and exports and the purchase of (second hand) goods. The field research confirmed this. Some results are not visible yet, since it takes time to develop the contacts.
- The management of PUM has meetings with some Dutch stakeholders. An interview with one potential stakeholder (CBI) made it clear that there is potential for further co-operation. One of the obstacles in developing relations with Dutch stakeholders is the difference in focus. There is also potential for co-operation with branch organisations, but whether this potential is fully used depends largely on the Sector Coordinator.
- The number of developed business contacts as a result of the BLP and the training programme increased during the evaluation period, both for EZ and DGIS. The extent to which the PUM policy can be considered effective is determined according to the number of business contacts that have been developed as a result of PUM products. Since the number of developed business contacts increased as a result of the products in the PUM policy, the policy can be considered effective.
- PUM could take some measures in order to stimulate business contacts. PUM could try to increase awareness of what PUM does at companies in the Netherlands. This could also be useful for the recruitment of future volunteers. Furthermore PUM could decrease the time the expert spends on arranging the business contact by assisting the expert in arranging part of the visit, for example transportation and accommodation.
- There is no formal information about business contacts developed by applicants with other Western countries. During the field research some business contacts were mentioned with companies in other countries. There is little overlap between PUM and other, similar programmes in Western countries. The target group is different, especially in China.<sup>89</sup> In other ODA countries differences in target groups are less, but still large enough to prevent overlap with PUM.

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<sup>89</sup> China is not included in this evaluation (see chapter 2).

## 8 Co-operation and contacts with local organisations

### 8.1 Introduction

In this chapter we will give an overview of the co-operation and contacts of PUM with local organisations, including Dutch organisations which are represented in the target countries. Further we will present our findings with respect to the results of such a co-operation. As these questions are very much related, the conclusions with respect to these questions will be reported jointly at the end of this chapter.

### 8.2 Questions

#### Question 22

*To what extent is PUM cooperating in the countries concerned with Dutch organisations and local business support organisations and what is the content of this cooperation?*

For this purpose we interviewed experts, Country Coordinators, Sector Coordinators and the management of PUM. Further this issue was raised in our mail questionnaires with experts, CC's, SC's and LR's and discussed with the organisations we have visited during our field research.

In general people informed us that the cooperation with *Dutch organisations* is rather limited. In some cases there are contacts with organisations like Cordaid, Oikocredit, SNV, CBI and ICCO. These contacts were in most cases initiated by the LR, CC (during a PBR) and sometimes by the experts who are to some extent familiar with these organisation and know these organisations from their activities in The Netherlands. There are no numbers available in the database on the frequency of those contacts and we therefore base ourselves on the interviews and experiences of LR's, CC's and management.

According to this information there were in practice very few cases where these contacts materialised into business cooperation. The most common remark was that the focus of these organisations was too different from the activities of PUM and therefore the matching possibilities were limited. Another reason is that experts, LR's and staff volunteers are not always familiar with the activities of these organisations. As far as the role of the Netherlands Embassy is concerned the experiences were mixed. In many cases there were regular contacts with the Embassy. Embassy staff sometimes visited the projects of PUM. Often PUM was requested to provide the Embassy with specific information on the PUM projects. Also they were interested to meet the experts. In other cases the contacts were limited because Embassy staff was very busy and in practice the PUM organisation was well equipped to deal with the projects itself. Some of the Embassies mentioned that they assumed that there were more possibilities for a cooperation between PUM and PSOM. According to information provided by PUM we noticed that about 40 projects resulted in a PSO(M) application during recent years. There is no information available whether these applications were honoured by EVD, the agency executing PSO(M).

The cooperation of the PUM programme with local *Business Support Organisations* (BSO's) also showed very diversified opinions and experiences. From the input of the questionnaires with experts, LR's, CC's and SC's we noted that there are a large number of contacts with BSO's. However the appreciation of these contacts was rather mixed. From the interviews with the LR's and the com-

panies in Bulgaria, Russia, Kenya and Uganda we learnt that the cooperation with Chambers of Commerce was not very intensive and fruitful and did therefore not provide PUM with (new) applications or business links. From our field visits to Peru and India (interviews with LR and companies) we learnt that the cooperation with Chambers of Commerce was in a number of cases much appreciated and used by the LR for identifying new PUM clients. In general one could say that the appreciation of the relation with Chambers of Commerce is very much connected to the overall performance and standing of the Chamber of Commerce and the political environment. In some countries the Chamber of Commerce is considered as a political organisation with a poor performance towards the business society. Another reason for the success of cooperation of course depends on the quality of the business network of the LR. In Peru for instance we found an LR (a former president of the Peruvian-Dutch Chamber of Commerce) with a very well developed local business network. This LR has frequent contacts with Chambers of Commerce, branch organisations, local employers organisations and (Dutch) NGO's which provided PUM with a large number of new clients. In Bulgaria a Venture Capital (VC) fund (SEAF) was one of the important suppliers for PUM applications.

Experts and LR's responded to the questionnaires that the contacts of applicants with local Business Support Organisations (BSO's) were not very frequent. The experts responded that 46% of the applicants had contacts with BSO's and 28% with Dutch organisations. From the LR's responding the percentages amounted to 32% (with BSO's) and 28% (with Dutch organisations). We found no substantial differences regarding these percentages when we compared the EZ countries with the DGIS countries. With respect to the contacts of applicants with Dutch organisations we feel that this percentage is rather exaggerated as this impression is not confirmed during our field research. Only in very few cases the names of Dutch organisations were mentioned. Probably this is caused by the general way this question is interpreted.

A number of reasons is mentioned why contacts with BSO's are not very successful:

- LR's do not always have well established contacts with these sort of organisations;
- The BSO's are sometimes political organisations with a poor performance and underdeveloped commercial skills. Companies (applicants) and LR's do not want to be involved with this sort of organisations;
- Experts and to some extent LR's do not have enough time to find out how these organisations could be of assistance for business links or other questions. One might argue this is a typical task for the LR, as he or she is supposed to be the one with well established contacts with such organisations.
- Visits to BSO's are not on a structural basis included in the PBR's.

With respect to the quality of the Business Support Organisations DGIS already indicated that strengthening of BSO's in developing countries - by providing PUM support - is found very important, therefore very much appreciated and is fitting into the general development policy of the Minister for Development Cooperation. For that purpose PUM could consider to select and recruit experts with that sort of background. Also a more intensified cooperation with CBI was mentioned to select and support local BSO's. CBI has special programmes for supporting and strengthening BSO's and cooperates with a large number of local BSO's in developing countries. Moreover the target group (SME's) of CBI shows similarities. From the interviews with CBI and PUM we learnt that at least PUM could benefit from the contacts of CBI with local BSO's. Furthermore CBI was interested to involve PUM experts (as consultants on CBI conditions) for their BSO development programme.

### Question 23

#### *What are the results of this cooperation?*

For presenting the results of the cooperation with local organisations we base ourselves primarily on the findings of our field visits, the outcome of the questionnaires with experts, LR's and CC's and from interviews with the management and professional staff of PUM. During our field research we came across the following business links established with Dutch organisations and BSO's:

- Oikocredit for a loan application (not granted) in Kenya;
- A Dutch Rotary Organisation who supported one of the small projects of an 'enabling environment' organisation supported by PUM in Kenya;
- In Bulgaria a Venture Capital fund acted as one of the important suppliers of PUM applications;
- In Peru a contact of the CC with the local representative of SNV has been established with respect to water related projects. This contact did not (yet) materialise into actual cooperation;
- In India many companies (6 out of 10 companies visited during our field research) have contacts with BSO's (Chambers of Commerce or other business organisations) and sometimes participate in seminars and training programmes. However, these contacts are in most cases not connected to PUM support.

As mentioned before, the cooperation with Dutch organisations with representations in the countries concerned and BSO's is rather limited and therefore practical results of this form of cooperation are scarce. Nevertheless, interviews with LR's, the Netherlands Embassies and the companies revealed that there are examples of a fruitful cooperation, depending on the quality of the BSO's and the matching possibilities with the activities of Dutch organisations. In particular where (Dutch) NGO's are focussing on private sector development one may expect that cooperation is possible. Also the LR should have the relevant network among these organisations. Furthermore we have obtained the impression that the CC during his country visits (PBR's) is very much focussing on the PUM projects and less on the business environment and the relevant (Dutch) organisations. One could imagine that after a preparation in the Netherlands (inventory of BSO's and Dutch organisations active in the country concerned) the CC would pay regular visits to the Dutch organisations and local BSO's.

### 8.3 Conclusions

The contacts with Dutch organisations in the PUM target countries are rather limited mainly because the focus of the organisations is different from the focus of the PUM programme and PUM representatives are not always familiar with the activities of these organisations. The outcome and usefulness of these contacts are somewhat disappointing, although in some countries successes are reported. The success of these contacts very much depends on the capabilities of these BSO's and the quality and network of the contacts of the PUM organisation locally.

## 9 Other possibilities for PUM

### 9.1 Introduction

In this chapter we will provide a brief overview of the cooperation with other Dutch organisations involved in private sector development and the way PUM can improve its contribution to the economic development of the target countries. As discussed with the steering committee we restrict ourselves to the financing aspects of this, as these issues are outside the scope of the ToR. We included this subject in the study as “financing problems” seem to be one of the important issues raised by experts and other PUM representatives. Also during the farewell seminar of the General Director of PUM in December 2006 this issue was extensively discussed. This issue relates to the following specific questions:

24. Are there ways to improve the performance of PUM in terms of cooperation with other Dutch governmental organisations and financial institutions providing financial support to SME's in the target countries?
25. In what way can PUM improve its contribution to the economic development of the target countries?

### 9.2 Questions

#### Question 24

*Are there ways to improve the performance of PUM in terms of cooperation with other Dutch governmental organisations and financial institutions providing financial support to SME's in the target countries?*

#### Question 25

*In what way can PUM improve its contribution to the economic development of the target countries?*

From the strategy paper of PUM (“Wereldwijd ervaring delen”) and from interviews with the management team of PUM we noticed that the external awareness of the PUM programme in the Netherlands is rather limited. Up to now the communication of PUM is primarily internally and towards the direct stakeholders (ministries, members of parliament and Dutch employers organisations). External communication for promoting PUM and creating awareness among Dutch organisations is not fully incorporated in the strategy of PUM. Another way to improve the ‘Dutch’ performance of the PUM programme is to explore the possibilities of cooperation with other Dutch organisations involved with private sector development. Although there are some contacts with organisations such as the EVD, FMO, SNV, CBI and some Dutch NGO's (Cordaid, NOVIB) we have found that actual cooperation of PUM with these organisations is still rather limited. In our interviews with experts, LR's, CC's and Netherlands' embassies this lack of cooperation was often mentioned. It goes beyond this evaluation to investigate why this cooperation is not established on a regular basis. In principle one might expect matching possibilities with organisations who focus on private sector development such as FMO, CBI and EVD.

This expectation is based on our observation from the interviews and questionnaires that ‘*financing*’ is one of the most important problems for PUM applicants to move forward in their business development. From the response to our questionnaire we learnt that 65% of the SC's, 81% of the LC's and 73% of the experts supports the idea of the introduction of a financing instrument.

In many cases visits of PUM experts resulted in an advice to make (additional) investments. According to PUM, the financing needs of the companies are on average between EUR 30.000 – EUR 200.000. Practical experience of the experts learns that obtaining financing for local companies is often difficult, expensive and a lengthy process.

Usually applying for financing with *local banks or financial institutions* is the most effective and common way to move forward. In that respect an expert can be instrumental to help the company for applying for a loan facility from a bank. In more complex cases one could consider to send out experts with a background in banking and finance who can assist the company in presenting a viable business plan and in applying for a loan facility.

In case financing through the regular local channels fails one could consider to approach *development banks or local donor programmes*. Business support organisations (Chambers of Commerce) or the Royal Netherlands Embassy could be of guidance in this. According to the interviews with LR's, CC's and experts, access to local financing is very difficult and in many cases impossible. In that respect cooperation with other *financial instruments provided by Dutch agencies and organisations* should be explored. During our field visits we came across some examples of companies who showed interest for setting up a joint venture company with a foreign company.

Finally we learnt that at present PUM is considering setting up an *investment or guarantee fund* for meeting the financing needs of PUM clients (as far as local and other financing is not available). From the questionnaire with LR's we learnt that 71% welcomes the idea that PUM plays a role in assisting the applicants for identifying financing possibilities. From our interviews with experts the creation of a fund additional to the Hans Blankert fund was in many cases appreciated and considered important as 'finance issues' are recognised as an important problem to take care of. From the other side some of the LR's and CC's mentioned that creating a fund within the PUM organisation creates the wrong incentive to apply for PUM financing. Applicants will then primarily approach PUM for financing instead of assistance in the form of know how. In that respect a fund outside PUM was considered more appropriate.

As far as cooperation with Dutch organisations is concerned one may expect synergy with the *PSOM programme* (executed by the EVD) as both organisations focus on private sector development for SME's. This expectation is confirmed in a number of interviews with Embassies (Kenya, Uganda and Peru) and PUM representatives. The same counts for some Dutch NGO's who increasingly are targeting on SME and micro finance development (Oikocredit, Triodos, Triple Jump, Rabo and some others). Although the business lines of FMO are very much oriented on financial sector development, private equity investments and financing larger companies, it seems worthwhile – based on our interviews – to explore the possibilities to cooperate with local financial institutions or venture capital funds (being the partners of FMO). In many cases these partners focus on SME investments and are in that way interesting candidates for partnerships. A good example of such a cooperation is the relationship with the Trans Balkan Bulgaria Fund (SEAF) in Sofia who is one of the suppliers of PUM applications for its clients. As mentioned earlier in this chapter, in some cases PUM companies may qualify for a joint venture partnership with a foreign company. In that respect, next to the expert and the PUM organisation, the *EVD* could play an important role to identify a matching partner.

All this relates of course also to the question how PUM can improve its performance in the scope of economic development of the countries. Identifying financing possibilities is an important issue to consider. From the interviews and questionnaires we learnt that 70% of the SC's and 30% of the CC's feels that PUM can improve its performance in terms of economic development. Of the LR's 80% feels that PUM contributes to a large extent in strengthening the local economy. Furthermore,



as a reaction to our questionnaire, we received the following responses on the question how to increase the development impact to the local economy:

- Improve and intensify education, seminars and local education programmes;
- Provide assistance in formulating financing proposals and business plans;
- Provide assistance to companies in obtaining finance;
- Stimulate contacts with local governments and financial institutions (banks);
- During and at the end of expert visits, take into account the possibilities of cooperation with other instruments available in The Netherlands and with other donor or development organisations;
- Inform the Royal Netherlands Embassy on a regular basis on the project progress and problems encountered and together try to find ways to deal with these problems;
- Pay more attention to gender issues.

As mentioned earlier, these questions were not part of the ToR of this evaluation. However, both in terms of economic development of the countries as well as in terms of positioning and making use of the knowledge and skills of Dutch organisations and companies, it is important that the PUM organisation considers possibilities to further improve its performance in this respect.

With respect to financing issues, all parties interviewed (PUM, Ministries, EVD and FMO) confirmed the following approach/steps to be followed:

- Identify financing issues at an early stage. Preferably by the LR (when formulating the problem definition) or otherwise during or right after the first expert project mission;
- The expert should determine first the nature and size of the financing needs. Furthermore he should be sure if a proper business proposal/plan is available and presented to local banks;
- Consider involving an expert with a financing/banking background to investigate the financing issues (in case of more complicated issues);
- Assist the applicant in obtaining financing through local banks;
- In case local financing is not available and the business plan is based on sound economics, one could investigate (in cooperation with BSO's and the Embassy) the possibility of obtaining financing from local donor organisations or international financing organisations;
- Finally, when the above possibilities do not seem to be available, one could investigate the possibility of obtaining finance through other Dutch organisations who focus on private sector development of SME's.

With respect to the last step one could consider EVD, FMO, Oikocredit, Triple Jump, Triodos Bank, Cordaid, Rabobank/Rabo Foundation, who are very much involved in micro finance and increasingly in SME finance. Also other Dutch NGO's should be considered. All these organisation are cooperating with local financing organisations (MFI's and banks). It goes beyond this evaluation to determine which Dutch institutions are willing and able to play a role in this respect and how in practice an acceptable and efficient way to obtain financing can be set up.

In that respect efforts should be made to identify these organisations, both in the network in The Netherlands and in developing countries. The LR's and the CC's could play an important role in identifying local organisations. In this respect the Netherlands Embassy and local BSO's could play a supporting role.

A cooperation between EVD and PUM was frequently mentioned, in order to improve the performance of PUM. We therefore discussed this issue with representatives of PUM, EVD, the Ministry of Foreign Affairs (DDE) and the Ministry of Economic Affairs and came to the following considerations:

- Explore the possibilities of cooperation between PUM and EVD by setting up regular consultations with a focus on the PSOM programme and matchmaking. Employees of EVD and clients of

- EVD could be more aware of the existence of the PUM programme and to use PUM expertise – if en when required – for PSOM projects;
- PUM (experts, CC's and LR's) could be more aware that PSOM could be a solution for expanding the business of clients by setting up Joint Venture companies;
- Consider to ask PUM to be present at EVD promotion events.

#### *Establishment of an investment fund*

From the interviews we learnt that in many cases it does not seem to be feasible to obtain financing through local banks, donor organisations or through other Dutch organisations who focus on private sector (SME) development. It is very difficult to quantify this problem. In the interviews 71% of the experts mentioned this problem. However this was not fully confirmed during our field research. In only 11 projects (out of 48 projects visited) we encountered a direct financial need that could not be solved.

In that respect we hesitate to make any firm recommendations. First we would suggest to identify the real need of such a facility and to quantify the problem. After determining the need one could consider to explore the possibility to establish a fund to assist PUM clients. A fund within the PUM organisation seems to our opinion (and to the opinion of several people interviewed within and outside the PUM organisation) not the most appropriate way to move forward, as this may create the wrong incentives to apply for PUM assistance. Moreover, we think that the PUM organisation is not suitable for the management of such a fund and also from a liability point of view this idea contains too many risks.

### 9.3 Conclusions

Financing is one of the frequently mentioned issues encountered by experts to continue or expand the business of PUM clients. This issue is of course very much connected to the development and successfulness of PUM clients and thereby the economic development of the countries concerned. However it is difficult to quantify the financing problems and to determine the real needs. Up to now PUM does not follow a standard approach to identify and handle financing issues with clients. PUM should develop stronger ties with potential financiers for the PUM applicants, but PUM should not be involved in financing issues nor consider to set up a fund under its premises.

## 10 Conclusions and recommendations

In this chapter, the conclusions of the evaluation of the PUM programme are presented. In addition, possible recommendations are added. These conclusions and recommendations will be presented according to the structure of this report. This means they will be presented per topic (i.e. policy relevance, effectiveness, efficiency, business contacts and other possibilities for PUM). Under section 10.1 no recommendations have been made as this section only describes the activities of the present PUM organisation and the follow-up of the recommendations of the previous evaluation. Moreover, in some other sections no recommendations are made in case these were not considered necessary.

### 10.1 General

#### **The PUM organisation**

*The activities of the PUM organisation have increased significantly*

This increase is shown by the growth in both the number of employees (from 100 in 2001 to 165 in 2005) and the number of projects (from 1,600 in 2001 to 1,800 in 2005). Furthermore PUM has experienced some significant operational developments, of which the introduction of the PRINS database is the most important one. Moreover we observed that PUM has increased its focus on both SME companies and follow-up projects.

#### **Previous evaluation**

*Many of the recommendations of the previous evaluation have been implemented*

Many of the proposed changes were already set in motion at the time of the previous evaluation. In a few cases recommendations were not implemented for good reasons.

### 10.2 Policy relevance

*The PUM projects generally fit the objectives of both ministries and the needs and priorities of the applicants*

Although it is difficult to measure the real effects of PUM support in terms of poverty reduction, the results from the PRINS database, questionnaires and field research show that there are strong indications that PUM support has positive effects on the local economy in creating employment and economic growth of companies and, hence, fit into the objective of DGIS to stimulate the private sector in developing countries in the framework of poverty reduction. For EZ countries the project results comply with the objective to create favourable conditions for international economic activities of the Dutch private sector.

*There are indications that the project results contribute to the objective of the programme*

The question to what degree the project results contribute to the objective of the programme proved to be difficult to answer. Neither EZ nor DGIS has formulated reporting requirements with respect to the objectives of PUM. Besides, the nature of these objectives make it very difficult to measure the results on these objectives in a direct way. As a result, PUM has not developed indicators to measure the long-term objective of the programme (poverty reduction) and, hence, does not gather information on

these objectives in the PRINS database. Moreover, the scope of the field research was too limited to arrive at findings that can be related directly to these specific objectives.

In order to give at least some impressions of the contribution of the PUM projects to the objectives of the programme, it was decided to report on the effects of the PUM advice on different aspects stored in the PRINS database, which can be related to the overall objective mentioned in the annual report of PUM: *"the contribution to the growth of a viable SME sector."* Moreover, within the scope of the field research it was possible to evaluate the results of the PUM advice on the same aspects and to compare these with the results stored in the PRINS database.

In this respect, the overall impression of the evaluator on the projects visited in DGIS countries is quite positive, particularly in India. In Uganda, the overall impression is somewhat more diverse. In general the field research in DGIS countries confirms the results stored in the PRINS database. The overall impression of the evaluator on the projects visited in EZ countries is positive, particularly in Russia.

#### *Recommendations*

It is recommended that an agreement is reached between the management of PUM and the two ministries on the need and methods to measure the policy objectives of the programme (relating to poverty reduction and creating favourable conditions for international activities of the Dutch private sector). In case this need is confirmed, the evaluator recommends to define clear and realistic indicators that can be used and incorporated in the database of PUM for reporting purposes.

### 10.3 Effectiveness

#### **Local representative (LR)**

*The functioning of the LR has improved in many aspects; however there is still a need for further improvements*

The identification and selection of projects, the support and aftercare by the Local Representatives are useful. The functioning of the LR has improved during the evaluation period, in particular in relation to the acquisition activities. PUM has increased the job responsibilities of the LR's, improved the performance-standard of the LR's and increased the influence on their functioning. Measures implemented include frequent and elaborate instructions by PUM on the required working method, the replacement of less performing LR's and the establishment of a better country and regional spread of LR's. Nevertheless, there is still room for further improvements.

#### *Recommendations*

The LR should be more involved in defining and formulating the assistance requested by the applicants, in the debriefing process and should be allowed access to all relevant information. Moreover, it is recommended to reconsider the allowance policy for LR's by introducing quality aspects and taking into account the cost of living in the PUM countries.

#### **Recruitment and selection of (staff) volunteers**

*The selection process of staff volunteers is not transparent and the pool of experts stored in the database is not up-to-date and does not provide all relevant information*

During our research it was found that the CV database is not up-to-date and contains CV's with insufficient information. The selection process of staff volunteers is not transparent and creates irritation among some experts. Although experience as an expert, managerial skills as well as international and country specific experience are taken into account, the criteria are not sufficiently clear. Furthermore we found that the pool of experts where SC's are responsible for, is in a number of cases too large and many experts have never met the SC of their sector.

### *Recommendations*

It is recommended that - as a standard procedure - all candidate experts are interviewed by the SC to make sure that candidates have the right attitude and expertise (including reporting skills).

The selection of experts should be improved and professionalized by a better intake, improvement of the content of the CV's and a better use, monitoring and updating of the population of CV's. Furthermore we recommend that the profile of the expert will be further updated and includes all relevant qualifications. Moreover, the selection process for staff volunteers (CC's and SC's) should become more transparent and should focus more on the managerial aspects of these positions.

### **Performance of (staff) volunteers**

*The performance of (staff) volunteers was found professional and effective*

The performance of the PUM volunteer organisation as a whole was found professional and effective and in many aspects (structure, commitment of employees, etc.) does not differ from other non-volunteer organisations. Although experts and staff volunteers do not always meet the expectations and occasionally demonstrate a somewhat non-committal attitude, one could say that the overall commitment of the volunteers is excellent. Both SC's and CC's performed their tasks in a professional and effective manner and were able to spend the time which is required for the function. In some cases we noticed that the expansion of the programme puts some pressure on the organisation. Furthermore we noticed that the reporting requirements were not always fully met and were not properly monitored. Finally we found that the effectiveness of the debriefing by the expert with the CC is questioned in a number of cases and it is not clear why the SC is not involved in the debriefing.

### *Recommendations*

With respect to the debriefing (at the end of a mission) it is strongly recommend to involve the SC, in particular when follow-up projects are considered. For the (staff) volunteers a clear framework of tasks and responsibilities should be set to avoid misunderstandings on what PUM expects from them.

### **Organisation of staff volunteers and management**

*The management structure of PUM is very demanding and needs to be reviewed*

The management structure of PUM needs to be reviewed considering the expansion of the programme during the evaluation period. In particular the tasks and responsibilities of the General Director are very extensive and include for a large part very detailed management tasks. At present the management structure is under consideration in order to relief the General Director from some of his tasks.

With respect to the staff volunteers we noticed that the span of control can be wide and may lead to inadequate guidance of experts, PrOf's and LR's by both the SC and the CC.

### *Recommendations*

It is recommended that the General Director focuses more on his managerial tasks and delegates some tasks (briefing and debriefing meetings with CC's) to others. For this it is suggested to strengthen the management structure by creating a new function (area coordinator). This could be fulfilled either by professional staff or volunteers.

With respect to the SC we recommend that the number of experts covered by the SC will be reduced to a manageable size (i.e. by increasing the number of sectors).

### **Effectiveness of the organisation**

*The organisation of PUM has improved its effectiveness*

During the evaluation period PUM has taken several measures to improve the effectiveness of the organisation. Information is much more accessible and the organisation is better structured. Important measures taken in this respect are:

- The separation of the responsibilities between the CC and SC and the larger job responsibilities of the latter;
- The matching of the processes of trainings and BLP's;
- The introduction of the PRINS database;
- The improvement of the PUM Website (including the possibility to fill out the application form online);
- The introduction of Tele-working in 2003.

### **Registration and reporting**

*Registration and reporting has improved considerably*

The registration and reporting, both on individual and programme level, has improved considerably. The introduction of the PRINS database is a substantial improvement to the PUM operational management in terms of effectiveness. The database supports the monitoring of the project cycle and enables PUM officers to see what actions need to be taken. At the same time the database enables the Anamon department to produce progress reports on both project and programme level, which enables the PUM management to control the project flow.

### *Recommendations*

The PRINS database can be improved in some aspects (completeness, accurateness and workability). PUM can improve the quality of the inputs of the PRINS database by monitoring that in the forms all questions are answered and that there is a clear understanding among experts and staff volunteers on the qualifications used in the forms (excellent, good, etc.) to express opinions.

### **Monitoring of the effects of the programme**

*PUM has improved the monitoring of the effects of the programme significantly*

The registration and reporting, both on individual and programme level, is sufficiently managed to monitor the programme's effectiveness, at least in terms of compliance with the annual agreements. Besides monitoring quantitative data such as the number of applications, projects, countries and sectors involved, relevant staff members involved, the PRINS database also keeps track of the results of the projects through different forms. The information gathered enables PUM to monitor the process closely and to act immediately when necessary. If targets are not met, trends can be analysed and causes can be identified.

### **Follow-up projects**

*The policy to stimulate follow-up projects is successful but is too much based on quantitative targets*

The implementation and the execution of the implemented policy for follow-up projects is effective. The policy of PUM concerning follow-up projects consists of building long term relations, improving the quality of projects and increasing the potential for business contacts and trainings. The field research showed that follow-up projects can improve the quality of projects, mainly as a result of a longer relationship between the applicant and the expert. If a follow-up has taken place, it is more likely that business contacts will be developed between the applicant and a Dutch company. Whether a follow-up project is useful for a particular company has to be decided case-by-case, since every situation is different, as was shown in the field research.

PUM has been stimulating follow-up projects for the past few years. Although a clear increase in the percentage of follow-up projects is shown throughout the evaluation period for both DGIS and EZ, PUM has not reached its target (set by itself) for both EZ and DGIS yet.

#### *Recommendations*

PUM should continue to be critical on the need for follow-up projects and take into account the expertise which is requested. Moreover setting specific quantitative targets should be reconsidered and should also take into account qualitative aspects.

### **Business links and trainings**

#### *The effectiveness of business links and trainings is unclear*

The evaluation of the effectiveness of individual business links and trainings was beyond the scope of this evaluation. The objectives for EZ are translated into targets (in numbers of persons). PUM has reached these targets (which have been increased annually) easily during the applicable period (2003-2005). DGIS has not translated the objectives in targets. There has been an increase in the number of business links and trainings during the evaluation period (with a slight decrease in 2005), but since no targets were stated no comments can be made if the products were effective for DGIS. Trainings can serve the same purpose as business links for the positioning of Dutch companies in foreign markets (EZ). For the purpose of knowledge transfer (DGIS) trainings could be more useful. In the questionnaires both business links and trainings are rated very well, though only half of the experts have experience with either one of the programmes.

#### *Recommendations*

Recommendations on business links will be made in section 10.5.

## **10.4 Efficiency**

### **Output finance**

#### *PUM complies with the financial goals set by the ministries*

PUM has realised the agreements under the terms of output financing throughout the evaluation period. To a large extent PUM has fulfilled its obligations that are mentioned in the agreements which have been made with all sponsors. Another observation is that in general the actual cost realisation was lower than the available budgets. A third observation is that the costs of the PUM programme have increased during the evaluation period. This increase is mainly explained by the increased number of projects.

#### *Recommendation*

At present the expenditures of the PUM organisation very much rely on government regulations. PUM only receives the full sum that is available for a year, when it realises a project turnover that is at least 90% of the budget. When PUM realises a project turnover larger than 110% of the budget, the additional costs are not refunded. We recommend that some more flexibility by the ministries will be considered in case of underperforming or exceeding the available budgets.

### **Costs per project**

#### *The costs per project have developed differently for DGIS and EZ*

- For DGIS, the average costs per project have decreased with 7% during the evaluation period. Explanations for this decrease must be found in the developments of airfares and the decrease in costs for daily allowances as a result of the reduced duration of DGIS projects.

- For EZ, the average costs per project have increased with 10% during the evaluation period. Explanations for this increase are a decrease in the number of projects (the fixed overhead costs have to be beared by a smaller number of projects) and an increase in travel costs (airfares) as a result of a changed country portfolio.
- However, when the indirect costs are taken into account in the costs per product (this includes both projects and trainings/BLP's), a different picture appears. In this case, an efficiency gain is obtained for DGIS and to a lesser extent for EZ (respectively 11% and 2%). The higher efficiency gain for DGIS per project can be explained by the fact that the total number of projects that is carried out for DGIS has also significantly increased, while the total number of EZ projects has slightly decreased.
- Finally, it is observed that the average project duration has decreased for DGIS. As a result, the average costs per project day have slightly increased. For EZ, the average project duration has remained constant. With regard to the average training/BLP, it is observed that the duration has decreased for both DGIS and EZ. As a result, the average costs per training/BLP day have decreased.

### **Efficiency of the project**

*Measures have been taken to increase the efficiency of the project*

- The applied automation systems and procedures have been improved substantially in the years 2001-2005. They are sufficient to monitor the efficiency of the projects.
- The design of all forms used by PUM for the projects has been thoroughly adjusted in the course of 2004. For all forms the lay-out has improved and the number of topics/questions has been expanded.
- In addition, a number of efficiency related indicators are discussed. With respect to these indicators it is observed that they are not all related to individual projects. Instead, it was explained that the number of projects per officer is considered an important indicator to PUM, as PUM is highly orientated on achieving the output goals, which are formulated in the annual agreements.

### **Recommendations**

It should be emphasised to the applicant that the quality of the forms is essential for an efficient monitoring of the expert's performance. In this regard, it is suggested that the expert will not be the one bringing back the evaluation form after completing a project. Instead other solutions should be considered, such as offering the possibility to fill out the evaluation form through the internet.

### **Financial reporting**

*Financial reporting meets the requirements of the Ministries*

The internal monitoring system complies with the terms of EZ and DGIS. It is observed that the ministries can sufficiently influence PUM's activities. In addition, the quality of the reports has increased during the evaluation period.

### **Country Policy**

*The country policy of PUM meets the objectives of both DGIS and EZ*

The present country policy of PUM meets the objectives of EZ and DGIS. For EZ every year a country list is made available by the ministry. According to the agreement with DGIS for 2004-2007 PUM is free to decide in which countries 25% of the number of projects will be executed, as long as it concerns countries of part I of the DAC-list. For these projects PUM focuses on helping specific regions. Constant monitoring is part of the annual evaluation of the DGIS-country list. If a country generates less than 10 projects per year for a period of 3 years and no special circumstances have taken



place, the country is likely to be removed from the list. This evaluation is done on a structural basis by PUM. Based on the findings no adjustments are needed.

## 10.5 Business contacts

*The evaluation shows that a large part of the assisted companies has developed business contacts*

- The number of business contacts developed by means of the BLP or the training programme has increased during the evaluation period, both for EZ and DGIS. Moreover, the evaluation by PUM, the questionnaires and field research show that many additional contacts have been established outside of PUM, i.e. not through the BLP or training programme. The evaluations done by PUM show that most of these contacts concern imports and exports and the purchase of (second hand) goods. The field research confirmed this. Some results are not visible yet, since it takes time to develop the contacts.
- The management of PUM has meetings with some Dutch stakeholders. An interview with one potential stakeholder (CBI) made it clear that there is potential for further co-operation. One of the obstacles in developing relations with Dutch stakeholders is the difference in focus. There is also potential for co-operation with branch organisations, but whether this potential is fully used depends largely on the Sector Coordinator.
- The number of developed business contacts as a result of the BLP and the training programme increased during the evaluation period, both for EZ and DGIS. The extent to which the PUM policy can be considered effective is determined according to the number of business contacts that have been developed as a result of PUM products. Since the number of developed business contacts increased as a result of the products in the PUM policy, the policy can be considered effective.
- There is no formal information about business contacts developed by applicants with other Western countries. During the field research some business contacts were mentioned with companies in other countries. There is little overlap between PUM and other, similar programmes in Western countries. The target group is different, especially in China. In other ODA countries differences in target groups are less, but still large enough to prevent overlap with PUM.

### *Recommendations*

It is recommended that PUM takes measures to stimulate business contacts. PUM should increase awareness about its activities among companies in the Netherlands. This could also be useful for the recruitment of future volunteers. Furthermore PUM could decrease the time the expert spends on arranging the business contact, by offering support to the assisting expert. PUM could arrange part of the visit themselves, for instance by the PrOf. The expert would be responsible for the application, the programme, the contacts with the company in the Netherlands and should assist the visitor. The PrOf could support the expert in arranging accommodation and transport. This works both ways. First of all, PUM can keep track of the main expenses (for instance accommodation) and second the expert can focus on the "real" part of the visit, namely the visit and assistance.

## 10.6 Co-operation and contacts with local organisations

*Cooperation and contacts with local organisations and local Dutch organisations are limited and underdeveloped*

The contacts with Dutch organisations in the PUM target countries are rather limited, mainly because the focus of the organisations is different from the focus of the PUM programme and PUM representatives are not always familiar with the activities of these organisations. The outcome and usefulness of these contacts are somewhat disappointing, although in some countries successes are reported. The success of these contacts very much depends on the capabilities of these BSO's and the quality and network of the contacts of the PUM organisation locally.

### *Recommendations*

PUM should strengthen the co-operation with local business support organisations (BSO's) and local representations of Dutch organisations by making sure that the LR's have a sufficient network among these organisations, by involving the Embassies more in the PUM projects and by strengthening the co-operation with CBI in the scope of BSO's.

## 10.7 Other possibilities

*Financing issues are one of the most important obstacles for a successful development of applicant companies*

Financing is one of the frequently mentioned issues encountered by experts to continue or expand the business of PUM clients. This issue is of course very much connected to the development and successfulness of PUM clients and thereby the economic development of the countries concerned. However it is difficult to quantify the financing problems and to determine the real needs. Up to now PUM does not follow a standard approach to identify and handle financing issues with clients. PUM should develop stronger ties with potential financiers for the PUM applicants, but PUM should not be involved in financing issues nor consider to set up a fund under its premises.

### *Recommendations*

It is recommended to investigate the need and quantify the problems with respect to financing problems among PUM clients. Experts in banking and finance should be more involved in assisting PUM clients to present a viable business plan and to assist them in applying for loans or equity with financial intermediaries. Also PUM should be more involved in identifying possible financing possibilities locally as well as with development banks, partners of FMO and with Dutch subsidy intermediaries such as EVD. The establishment of a separate fund – as suggested by some of the PUM managers and volunteers – for financing PUM activities can only be considered after a proper investigation in that respect.

## Annexes

The annexes are presented in a separate document.

ANNEX 2.1:	Terms of Reference
ANNEX 2.2	Evaluation matrix
ANNEX 2.3	Consulted sources
ANNEX 2.4	Interviews in the Netherlands
ANNEX 2.5	Questionnaires
ANNEX 2.6	Companies and organisations visited in field research
ANNEX 2.7	Justification of the field research
ANNEX 4.1	Results field research
ANNEX 4.2	Results field research versus result database
ANNEX 5.1	Impact of the recommendations on different aspects of the organisation (period mid 2004-2005)
ANNEX 5.2	Project results for DGIS countries and EZ countries
ANNEX 6.1	Annual number of projects
ANNEX 7.1	Business Links, results field research