Ministry of Foreign Affairs

IOB Evaluation

Aided trade

An evaluation of the Centre for the Promotion of Imports from Developing Countries (2005-2012)

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September 2015

Preface

High trade costs hamper the economic potential of many of the poorest nations, pricing them out of global markets. Trade costs also fall disproportionately heavily on small- and medium-sized enterprises. These companies, which are considered engines of employment offering a route out of poverty, are hit hardest by non-tariff measures. A study by the International Trade Centre on how businesses experience non-tariff measures in 23 developing countries has recently confirmed this once more.

An important step towards reducing trade costs was taken in 2013 at the Ninth WTO Ministerial Conference in Bali where members concluded the Agreement on Trade Facilitation. Implementation of the Agreement promises to bring substantial cost reductions for traders in developing and least developed countries (LDCs), thereby supporting increased economic activity, and potentially increasing government revenues. The Dutch government has already been actively committed to achieving Aid-for-Trade objectives since the early 1970s, by assisting developing countries in reducing non-tariff barriers, particularly through the efforts of the Centre for the Promotion of Imports from Developing Countries (CBI).

This report, for the first time, presents the main results of an evaluation on the effect and impact of CBI's Aid-for-Trade interventions on the business sector in developing countries. Findings were based on surveys of assisted companies in developing countries, four in-depth country case studies, a benchmarking exercise, a literature review and stakeholder interviews. The evaluation covers the period 2005-2012 and focuses on the backbone of the CBI programme, which consists of technical assistance (export coaching) to individual companies in order to strengthen their competitive edge in European markets, and of improvement of business support organisations in developing countries.

The report concludes that CBI has been successful in helping companies to overcome a lack of market information and market entry barriers. This was however not always sufficient to increase exports. In some cases, observed export increases could not always be (fully) attributed to CBI programmes and activities. CBI's contribution is therefore more modest when set against the ultimate intended trade performance goals.

The evaluation has been carried out under the responsibility of IOB evaluator Peter Henk Eshuis, Rob Kuijpers (research assistant) and Albert Stuijfzand (controller). The following persons participated in the consultants' team for the evaluation: Phil Compernolle, Sharon van Ede, Philip de Jong (APE, country case studies, surveys and benchmark). The following other persons have contributed to the underlying case studies: Peter Hurst (country study South-Africa), Oscar Huertas Diaz (country study Colombia), Magda Ghonem, Emad El Shaarawy, Sally El Hawary (country study Egypt), Shubhashis Gangopadhyay, Monica Dutta, Bhavya Paliwal and Manisha G. Singh (country study India).

A reference group chaired by the former director of IOB, Ruerd Ruben, provided valuable comments and advice. The group consisted of Clemens Lutz (University of Groningen), Remco Oostendorp (VU University), Marcel Vernooij, Henny de Vries, Hajo Provó Kluit (Department of Sustainable Economic Development, MFA), Micha van Lin (FME), and Dick de Man (CBI). Antonie de Kemp, Piet de Lange and Otto Genee (IOB) acted as peer reviewers of the evaluation.

IOB would sincerely like to thank CBI, all involved companies, policy officers at the Ministry and other stakeholders for the information they provided and their constructive feedback to draft versions of the report.

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List of acronyms and abbreviations

ADEX	Peru Association of Exporters
ADR	Central Government Audit Service (*Auditdienst Rijk*, the Netherlands)
BLD	Cost Benefit Service (*Baten Lasten Dienst*, the Netherlands)
BPO	Business Process Outsourcing
BSO	Business Support Organisation
BSOD	Business Support Organisation Development programme
BTC	Belgian Development Agency
CADEXCO	Costa Rican Chamber of Exporters (BSO)
CANEB	*Cámara Nacional de Exportadores de Bolivia*
CBI	Centre for the Promotion of Imports from developing countries (*Centrum tot Bevordering van Import uit ontwikkelingslanden*, the Netherlands)
CII	Confederation of Indian Industry
CSR	Corporate Social Responsibility
CU	Control Unit (Ministry of Foreign Affairs, the Netherlands)
DAC	Development Assistance Committee
DCED	Donor Committee for Enterprise Development
DDE	Sustainable Economic Development Department (Ministry of Foreign Affairs, the Netherlands)
DfID	Department for International Development (United Kingdom)
DGBEB	Directorate-General for Foreign Economic Relations (Ministry of Foreign Affairs, the Netherlands)
DGGF	Dutch Good Growth Fund
DGIS	Directorate-General for International Cooperation (Ministry of Foreign Affairs, the Netherlands)
DGNED	Directorate General of National Export Development Indonesia
EBRD	European Bank for Reconstruction and Development
ECP	Export Coaching Programme
EFTA	European Free Trade Association
EIM	*Economisch Instituut voor het Midden- en Kleinbedrijf*
ETI	Enabling Trade Index
EU	European Union
EUREP/GAP	Good Agriculture Produce guidelines
FDI	Foreign Direct Investment
FEZ	Financieel Economische Zaken
FMO/CD	FMO's Capacity Development
FSC	Forest Stewardship Council
GDP	Gross Domestic Product
GIZ	*Deutsche Gesellschaft für Internationale Zusammenarbeit*
HACCP	Hazard Analysis and Critical Control Points
HCACS	Ho Chi Minh City's Centre for Agricultural Consultancy and Support
HGIS	Homogenous Budget for International Cooperation
HRD	Human Resource Development

IBCE	Bolivian Institute of Foreign Trade
IDH	The Sustainable Trade Initiative (*Initiatief Duurzame Handel*, the Netherlands)
IEG	World Bank Independent Evaluation Group
IETC	Indonesia Export Training Center
IIFT	Indian Institute of Foreign Trade
ILO	International Labour Organization
IMF	International Monetary Fund
IOB	Policy and Operations Evaluation Department (*Inspectie Ontwikkelingssamenwerking en Beleidsevaluatie*, ministry of Foreign Affairs, the Netherlands)
IPD	Import Promotion Desk
IRR	Internal Rate of Return
ISB	Inspection, Risk Analysis and Advisory Unit (*Inspectie, Signalering, Begeleiding*)
ITC	International Trade Centre
ITO	IT Outsourcing
ITPC	Investment & Trade Promotion Centre
JBIC	Japan Bank for International Cooperation
JETRO	Japan External Trade Organization
JICA	Japan International Cooperation Agency
KfW	German Development Bank (*Kreditanstalt für Wiederaufbau*)
KOTRA	Korea Trade-Investment Promotion Agency
KPI	Key Performance Indicator
LDC	Least-Developed Country
LIC	Low Income Country
LMIC	Lower Middle-Income Country
M&E	Monitoring and Evaluation
MASSIF	Micro & Small Enterprise Fund
MDG	Millennium Development Goals
MFA	Ministry of Foreign Affairs
MI	Market Intelligence
NAFED	Indonesia National Agency for Export Development
ODA	Official Development Assistance
OECD	Organisation for Economic Cooperation and Development
PPP	Public Private Partnership
PSD	Privat Sector Development
PSOM/PSI	Private Sector Investment programme (*Programma Samenwerking Opkomende Markten*)
PUM	Dutch Manager Deployment Programme (*Programma Uitzending Managers*)
RVO	Netherlands Enterprise Agency (*Rijksdienst Voor Ondernemend nederland*)
SDC	Swiss Agency for Development and Cooperation
SECO	Switzerland State Secretariat for Economic Affairs
SIDA	Swedish International Development Cooperation
SIPPO	Swiss Import Promotion Organisation
SME	Small and Medium Enterprises
SP	Strategic Planning
TA	Technical Assistance

TAM	Technical Assistance Missions
TDC	Belgium Trade for Development Centre
TEDO	Technology Export Development Organisation
TK	Dutch House of Representatives (*Tweede Kamer*)
ToC	Theory of Change
ToR	Terms of Reference
TPO	Trade Promotion Organisation
TRIC	Trade Related Instruments Connected
TTT	Train the Trainer
UNCTAD	United Nations Conference on Trade And Development
USAID	United States Agency for International Development
VIRKE	Enterprise Federation of Norway
VNO-NCW	Dutch employers' organisation
WB/IFC	World Bank / International Finance Corporation
WEF	World Economic Forum
WTO	World Trade Organization

Management summary

Private sector development (PSD) has become a central theme in international cooperation policy. By strengthening the entrepreneurial climate in developing countries, donors and recipient countries aim to create better opportunities for private investment, resulting in more employment opportunities and less poverty. In the Netherlands, the government is actively committed to achieving these objectives. An important instrument in Dutch PSD policies is the Centre for the Promotion of Imports from Developing Countries (CBI). CBI is one of the organisations that receive a financial contribution from the PSD market development cluster of the Ministry of Foreign Affairs (MFA). The cluster promotes inclusive economic growth through greater investment, a less informal economy, decent jobs, increased productivity and more competitive enterprises.

When CBI started its activities in the early 1970s, the world was far less connected than today. A smaller share of the population, for example, was able to reap the benefits of information technology, which lowered the costs of trade and transport. While there is still a need to reduce information asymmetry for exporters from developing countries in the field of private sector development, and more specifically in trade promotion, an increasing number of export promoting organisations (EPOs) offer services that are quite similar across countries. Many companies, assisted by CBI, also use other support service organisations. The dynamic global context continuously creates challenges that have required CBI to adapt its strategy. From 2011 onwards, CBI reformulated its interventions into a more integrated approach. The current impact evaluation has not looked into CBI's recent mode of operation, simply because few of the interventions started since then have concluded, which means that any evaluation of the effects of these interventions would be inconclusive.

This report presents the results of an evaluation of the effectiveness of CBI. The evaluation covers the period 2005-2012 and focuses on the backbone of the CBI programme: (1) the sectoral export coaching programme (ECP), which renders technical assistance to individual companies in order to strengthen their competitive edge in European markets; and (2) the business support organisation development (BSOD), which aims to improve the business support organisations' (BSOs) export development and promotion activities in Europe.

The evaluation of the ECP programme is based on insights gained from using qualitative evaluation methods (literature review, document analysis, interviews, and case studies in Colombia, Egypt, India, and South Africa), combined with quantitative methods (surveys among exporters and importers, statistical analyses of programme monitoring data, and a benchmark of CBI's efficiency). The evaluation of the BSOD programme is predominantly based on a review of regular programme evaluations conducted on behalf of CBI.

Findings

Based on the available materials and evidence, the Policy and Operations Evaluation Department (IOB) has established the following findings:

The main evaluation question is: 'To what extent is the CBI programme helping to achieve Dutch private sector development (PSD) objectives?'. The CBI programme is consistent with the Ministry of Foreign Affairs' general PSD policy objective. Also, its intervention logic can be seen as a refinement of the general policies established in the area of market development. CBI's contribution is less convincing, however, when set against the ultimate goals of the PSD policy, i.e. inclusive economic growth through greater investment, a less informal economy, decent jobs, increased productivity and more competitive enterprises. This is partly attributable to the way CBI has implemented its programmes, but it is also reflected in the discrepancy between CBI's mission statement and MFA's PSD policy objectives. Moreover, interventions take time to mature and need to have attained a certain scale to have an impact on these PSD aims, especially at the meso-level and macro-level.

More detailed findings are presented hereafter:

1) *CBI has been successful in supporting exporting companies to overcome their lack of information on import markets. However, for many companies this was not sufficient to start exporting to Europe.*

CBI has been successful in helping companies to overcome a lack of market information and intelligence. The ECP programmes trained and supported 86% of its subscribers; 14% dropped out. An analysis of 48 companies shows that almost half of them (21) managed to increase their exports. However, taking into account CBI's own targets, the success rate was lower. CBI aimed to achieve an additional export value of 2.5 times the amount it invested since the start of the intervention at the programme level. Given the average costs of EUR 58,000, this is consistent with an additional export turnover of at least EUR 145,000. The analysis shows that 16 out of 88 companies (for which data were available) managed to achieve this target within two years after completing the programme.[1] Given statistical error margins and a dropout rate of 14%, this means that 10-20% of the initial participants achieved the CBI target. There is little information, within CBI or in the literature, on the sustainability of the effects brought about by promoting export.

A potential reason why the success rate is not higher, even though CBI was successful in bringing companies into contact with buyers, is that a lack of market information is only one of the major export constraints. CBI's interventions only focused on a limited number of export constraints, and in general did not address other constraints that are preventing companies from exporting. Moreover, the invested resources were not always optimally directed at companies according to their needs and existing capacities. Though CBI was sensitive to the idea that the enabling environment for private sector development matters, by taking a sector ECP as the basic unit for programming its services, it did not necessarily

[1] CBI measures the export turnover from the start of the CBI intervention until one year after completion of the programme.

take adequate account of the importance of the country context of participating companies. Target companies did not always feel that CBI's services completely met their specific needs, and also felt that CBI could have expressed more interest in the process. Even though CBI followed a more proactive course leading to more structured cooperation with international and national PSD organisations, some case study countries still viewed CBI as a 'standalone' service provider.

2) *The criteria for selecting target companies and target countries are not clear. Procedures for identifying and selecting participants were often unavailable. And when available, these were not always followed. Larger, well-developed companies often received the most intensive and expensive treatment ('picking the winners or low-hanging fruit'). Companies obviously more in need received less support.*

CBI selects both stronger and weaker companies for ECP programmes, assuming that the stronger companies will serve as an example for the weaker ones. In addition, companies from countries with a weaker export profile or image were expected to benefit from improved visibility and the reputation of stronger countries, for example in a collective trade fair. Decisions on company selection, tailoring the types of intervention to participants and assessments about export competence are not subject to checks and balances in CBI's system.

CBI spent 3% of the total expenditure in low-income countries, while 7% was spent in upper-middle-income countries. The companies that benefited most from CBI's support are predominantly from lower-middle-income countries. Interventions in low-income countries were (necessarily) overly focused on 'business development' in general, and left insufficient room for introducing 'market access' modules that should complement the range of sub-interventions that prepare companies for international market access.

3) *BSOD evaluations reveal that in general the interventions were relevant, but that there is hardly any information on their effectiveness.*

One challenge facing private sector development institutions is how to achieve operational scale and gain access to small and medium enterprises (SMEs) in developing countries, which by nature are small, diffuse, numerous and difficult to reach. CBI's Business Support Organisation Development programme (BSOD) aims to increase the reach of its trade-related support among SMEs in developing countries, by focusing on strengthening intermediary trade support organisations. Generally, the BSOD interventions reviewed were considered to be relevant. However, with the increase in the number of active trade promotion organisations in developing countries, the relevance and additionality of CBI's interventions could be at stake. Given the heterogeneity of local partners in the BSOD programme, it strongly depends on the mandate of the beneficiary, which underlines the need for a context-specific and flexible approach in order to meet the needs of BSOs.

The effects of technical assistance for BSOs are hard to measure accurately. One reason is that the quality and result indicators set by MFA and CBI are too general to measure increased capacity outcome or even impact. Moreover, the lack of data on the effects of BSOD programmes also makes it difficult to monitor and evaluate these programmes and steer them in the desired direction. Good coordination between service providers is often lacking, leading to the absence or the suboptimal division of tasks between donors.

4) Available evidence does not point to an efficiently operating CBI. The right incentives were not in place.
During the evaluation period, the overhead costs needed to run CBI's programmes increased more quickly than the programme budget itself. The average costs per company amounted to EUR 58,000 and increased substantially after the introduction of an *ex ante* transfer pricing settlement with MFA. More specifically, since becoming an independent agency in 1998, CBI has struggled to set and justify cost prices for its products. A results-oriented management model that was supposed to increase the organisations' efficiency was not implemented. The introduction of an *ex ante* cost price model and the modular programme delivery, in 2006 and 2010 respectively, caused CBI's turnover and profit rate to go up, with the profits increasing even more rapidly than the turnover. As a result, CBI started to pay back part of its accumulated excess capital to MFA, and also introduced discounts on its tariffs agreed with MFA.

A comparison between CBI and foreign counterpart organisations suggests that CBI has the highest cost level per exporter. This may be caused by scale disadvantages and fragmentation. CBI has a lower number of participants per programme, implying higher fixed costs per participant, while the geographical spread of the participants is much larger, implying higher transaction costs per beneficiary. In addition, the inclusion of a heterogeneous group of companies, with rather different characteristics as expressed by diverging audit scores in one and the same programme, may be inefficient.

5) The Ministry of Foreign Affairs was not actively involved in CBI's strategic choices and operations. As a result, the organisation operated relatively independently from the ministry. Since 2010, however, the Ministry of Foreign Affairs has become more prescriptive in what it expects from the organisation.
While the CBI programme is consistent with the Ministry of Foreign Affairs' general PSD policy objectives, the ministry was insufficiently engaged with CBI on priorities and results, and did not provide the right incentives. Even though MFA did not have detailed information about CBI's cost prices, it approved requests for budget increases, which were not always well-argued or evidence-based.

CBI has operated within its mandate and in accordance with the list of countries approved by MFA. The focus was not on the poorest countries, but on countries that were sufficiently developed to contribute businesses on the verge of exporting to Europe.

In 2010, MFA suggested to CBI that it should strengthen the connection between export promotion, sustainable development and poverty reduction, and make this more transparent in its operations. CBI subsequently developed a new strategy that would focus more on least-developed and fragile states and enhance its impact and added value. MFA granted CBI's request for a budget increase, which CBI said it needed to compensate for the losses and intensified interventions in low-income countries. Expenditures have become more aligned to MFA's demands since that time. However, during the period under review, CBI did not become more active in low-income countries and fragile states. Therefore, it appears that the budget increase was premature. The budget increase was one of the reasons for CBI's rapid accumulation of capital.

6) CBI's monitoring & evaluation system needs to be further improved, because, as it stands, it is difficult to monitor, steer and evaluate the programme effectively, and settle the budget.

For the period under consideration, the programme management system did not meet the standard for result measurement and evaluation, in spite of improvements over the years. Recommendations from earlier evaluations (e.g. the introduction of a more meaningful set of performance indicators) were only partially adopted. No data was being systematically collected to establish a baseline and end-line situation for CBI's interventions. Evaluation outcomes were predominantly based on participants' self-perception. The evaluations conducted on behalf of CBI did not systematically address issues such as contribution, additionality and sustainability.

The assessment of the ECP and BSOD programmes shows that CBI lacked detailed insight into its own programme results, as well as on the underlying explanatory reasons for these results. The programme management data did not provide information on export figures for 20% of the companies declared by CBI as 'competent exporters' (which was the base for financial settlement with MFA), as it should according to the agreed quality indicators for result, effect and impact.

Lessons for the future

Doing the right things

In terms of whether CBI has been doing the right things, there are a number of areas that can be improved at the level of programme design and implementation.

Improved needs assessment should increase the number of tailor-made interventions

When looking at the profiles of assisted companies, it becomes clear that CBI has been servicing a heterogeneous group of companies, in terms of country of origin, sector and different stages of export development and internationalisation. This implies that companies need different types of services and interventions, whereas the programme in its current set-up offers standard service modules for all participants, without addressing other limiting constraints that hold these companies back from exporting or exporting more.

Narrow the focus and reduce the number of eligible countries

One challenge confronting private sector development institutions is how to achieve operational scale when providing support to SMEs in developing countries, which by nature are small, diffuse and numerous. The programme could benefit from a more well-reasoned selection policy of eligible countries that restricts selection to low- and lower-middle-income countries. (This should also reduce the number of eligible countries.) Selectivity will also most likely result in lower transaction costs per beneficiary and hence more efficiency. With the introduction of the integrated approach starting in 2011, CBI has already entered the path of enhanced selectivity. The selection should also look closely at the country's context, making use of existing sources of public information.

The portfolio reveals that the risk of ending up with an underqualified company is high in low-income countries. These countries may benefit more from business development than from standard export coaching programmes. Therefore, in order to enhance effectiveness in these countries, CBI could work more closely together with business development organisations and farmer support organisations.

Enhancing sustainability by defining an exit strategy

Starting an intervention does not only require clear commitments between the contract parties, but also requires good management of expectations and clear thinking about how to sustain the intervention results. During the evaluation period, CBI had no formal systems in place to enhance the sustainability of its support to individual companies. As other evaluators have remarked in the past, BSOD interventions in particular could profit from an 'exit strategy'. This would create trust and confidence with the counterparts and their stakeholders, who have to develop a certain confidence in the future capacity of the BSO without CBI's support.

Enhance monitoring, evaluation, and steering of programme interventions

CBI is currently developing a real-time impact monitoring and evaluation system that should address the current lack of effective programme monitoring and evaluation data, which makes it difficult to steer the programme effectively. As this is a work in progress, our advice is to integrate quantitative, research-based impact assessments – such as those based on randomised controlled trials or quasi-experimental approaches – into programmes from the design phase. In order to be applicable, baselines need to be established, and expected results need to be defined clearly from the start of the intervention.

Interventions take time and need to occur at sufficient scale in order to have an impact, even at the micro-level. This means that evaluations must take into account a longer time frame, which deviates from CBI's current evaluation practice. Ideally, sufficient data should be provided to adequately measure the contribution of CBI's activities within the perspective of a longer time frame. Effective monitoring requires all the necessary data to be in place. Ongoing information on (export) turnover by the beneficiaries is currently lacking. Submitting these data, and other relevant data, should be contractually arranged between CBI and beneficiaries.

Enhance efficiency at the organisational and programme levels

More supervision from MFA

The agency model, which should have led CBI to deliver its services more efficiently, never materialised. The *ex ante* cost price model has not delivered the desired result from a financial perspective. MFA could revert back to the old system of *ex post* financing on the basis of delivered results. This approach will still generate the necessary flexibility to implement the programme. MFA could also be stricter with CBI in setting and justifying its cost prices in a situation of *ex post* financing.

Better cooperation and coordination

Although the ECP programme, as a five-year integrated export support package, is unique, only a relatively small number of the sample of assisted companies in the case study countries managed to increase their exports. The reason for this disappointing result is that the programme has not been able to deal with other constraints, some of which lie outside the sphere of influence of the current programme design.

Since many of the programme's components are also offered locally as standalone services, CBI could enhance the sustainability of its interventions by coaching such local service providers. Instead of CBI organising a trade fair, CBI could advise local service providers on how to (better) organise market entry activities, such as trade fair participation.

CBI beneficiaries are used to working with a number of international partners, but good coordination between service providers is often lacking, which leads to a suboptimal division of tasks. Coordination between donors is a classic dilemma. It not only requires CBI to be (more) flexible in supplying the right intervention or part of a wider intervention, but should also lead to a better division of labour and regional presence at the PSD donor level in general.

Include more local expertise

In terms of programme expenditures, we see that the dominant share is concentrated in the hands of a small number of EU consultants. There are excellent local experts, who are often better at understanding the local context, that could also contribute to more efficient programme delivery and sustainable intervention results. It would make more sense to team up EU experts with local experts, which requires more of a supervisory role from the former expert group.

1

About the evaluation

1.1 Rationale and objectives

The Centre for the Promotion of Imports from Developing Countries (CBI, the acronym of *Centrum tot Bevordering van de Import uit ontwikkelingslanden*) is one of the Private Sector Development (PSD) programmes supported by Dutch development cooperation. These programmes are currently receiving a lot of attention because the ministry has made PSD policies a high priority. It is therefore important to know whether, how, and for whom they work best.

The establishment of CBI in 1971 should be seen in the context of UNCTAD II (New Delhi, 1968), where the pursuit of developing countries to increase their market share in developed countries was discussed extensively (which was subsequently referred to as 'Trade, not Aid'). CBI, an agency of the Dutch Ministry of Foreign Affairs (MFA), receives funding from the budget for official development assistance (ODA). Formally, the Regulation of the Minister of Finance on the establishment, organisation and operation of agencies ('Regeling agentschappen'[2]) requires agencies to be periodically evaluated – at least once every five years.[3] The last time CBI was externally evaluated was in 1999 by MFA, covering the period 1990-1996.[4] CBI commissions external evaluations of its work on a regular basis.

This evaluation of CBI intends to assess independently the results of the CBI programme and the extent to which it helps to achieve Dutch PSD policy objectives.[5] The current evaluation focuses on the programme's effectiveness and efficiency, and addresses some issues that generate lessons that will improve programme delivery.

1.2 Evaluation questions

The ultimate goals of PSD policies are inclusive economic growth through greater investment, a less informal economy, decent jobs, increased productivity, and more competitive enterprises. This policy field is divided into five theme-based clusters, 'market development' being one of them, to which the CBI programme is an important contributor. Hence, the central research question of the evaluation is:

To what extent has CBI helped to achieve Dutch PSD objectives?
Three OECD-DAC evaluation criteria were used to compile a list of nine evaluation questions, namely relevance, effectiveness and efficiency.[6,7]

2 'Regeling van de Minister van Financien van 28 september 2012 over instelling, opzet en werking van agentschappen (Regeling Agentschappen)'. *Staatscourant* (Government Gazette) No. 20668; 15 October 2012.
3 Article 7 of the regulation.
4 IOB (1999) *Hulp door Handel; Evaluatie van het Centrum tot bevordering van de Import uit Ontwikkelingslanden (CBI), 1990-1996*. IOB Evaluations 281. The Hague: Inspectie Ontwikkelingssamenwerking en Beleidsevaluatie. October 1999.
5 See also chapter 2 and Annex 5 of this report.
6 See: *http://www.iob-evaluatie.nl/sites/iob-evaluatie.nl/files/000%20Evaluation%20Policy%20and%20Guidelines%202009.pdf* for a description of these criteria.
7 The following link provides access to the Terms of Reference for the evaluation: *http://www.government.nl/ministries/bz/organisational-structure/current-evaluations-foreign-affairs.*

Relevance

In order to determine the relevance of the CBI programme, its objectives and operations have been reviewed against insights from the scientific literature, as well as against the policies of MFA and export promotion policies of recipient governments. The aim is to assess in which countries or groups of countries and institutional settings CBI has a competitive advantage compared to other service providers. The following evaluation questions address the relevance of the programme:

1) Was the programme (objectives, indicators and targets) consistent with the:
   - findings of the scientific literature on export promotion?
   - priorities set by MFA's PSD policy?
   - priorities set by the home countries of the supported companies and BSODs?
   - findings from earlier/other evaluations?

2) How has MFA operated with regard to formulating the assignment, controlling the budget, and informing CBI of changes in policy, as well as monitoring the results agreed upon with CBI?

3) Could the objectives of the programme have been achieved through other means, e.g. direct support to export promotion agencies in target countries (either initiated by the private sector or through government)?

Effectiveness

Second, this evaluation sheds light on the effectiveness of CBI's services. Effectiveness is defined here as the extent to which the outputs have contributed to the project's expected results or objectives at the intermediate outcome level. For activities related to the private sector, effectiveness should also be judged by the programme's additionality. Special attention has been given to issues which are less systematically focused on regular programme evaluations, such as attribution, additionality, and the sustainability of the interventions. The following questions guided this part of the evaluation:

4) How were clients selected? What are the profiles of the selected beneficiaries?

5) To what extent did participating companies increase exports to EU/EFTA as a result of CBI's interventions? Which types of company benefited most? What is the effect on employment as a result of the interventions?

6) In addition to the direct effects, what kind of indirect effects (e.g. exports to other destinations than EU/EFTA) can be linked to CBI interventions? How did these indirect effects contribute to the programme objectives?

7) To what extent did benefits (exports and jobs) continue after CBI's interventions were completed?

8) To what extent did CBI collaborate with other development partners, and to what extent have beneficiaries of the CBI intervention also been assisted by other trade promotion agencies, donors and stakeholders?

Efficiency

Efficiency concerns an intervention's outputs, i.e. the direct results of the intervention achieved by means of the inputs. It measures the extent to which the outputs have been achieved as a result of the agreed-upon inputs, and whether the achieved outcomes could have been delivered for less money (cost-effectiveness).

9) How do costs per service and per realised extra unit of export (added) value compare to that of other trade promoting organisations?

1.3 Approach and methodology

This evaluation is based on a mixed-method approach, using insights gained from qualitative evaluation methods (literature review, document analysis, interviews, surveys, four country case studies, and an external organisational benchmark), and combining this with quantitative methods where possible.[8]

Since the main products that underlie this evaluation report (i.e. country reports, survey and organisational benchmark) contain a detailed description of the methodology used, which can be read separately, this section provides a general description of the building blocks upon which evaluation outcomes have been based.[9] The relevance of the programme has been assessed by:

- a review of literature on the role and impact of trade promotion agencies;
- a short reconstruction of Dutch government policies and guidance that have set the framework for CBI to formulate and implement its development interventions; and
- interviews with CBI staff, exporters, policy-makers, and other stakeholders.

The effectiveness of the programme has been assessed by means of:
- document analysis, evaluation reviews and other relevant documentation, including monitoring and client relation management data;[10]
- semi-structured interviews with CBI staff, specifically with responsible managers for ECP interventions, and external consultants during the given period;
- a telephone survey among beneficiaries, drop-outs and non-beneficiaries;
- a telephone survey among importers; and

8 Due to a lack of access to financial data for all beneficiaries, it has not been possible to develop a rigorous quasi-experimental research design that compares intervention and control groups.
9 The ToR of this IOB evaluation also has a section detailing the methodology.
10 Information is based on the client relation management system (SAGE) and monitoring data (HBAT). Since SAGE has been implemented during the course of the current evaluation time frame, CBI has retroactively completed the CRM database.

- case studies in two lower-middle-income countries (Egypt and India) and two upper-middle-income countries (Colombia and South Africa).

Since it turned out to be impossible to obtain a credible dataset on the financials of CBI-assisted companies, a rigorous quasi-experimental research process, comparing intervention and control group, was not executed. Despite this, apart from programme beneficiaries, non-beneficiary companies (including drop-outs) have been surveyed as well. Since these ‘non-beneficiaries’ do not have the status of a ‘control group’ in statistical terms, we refer to them in the report as the ‘reference group’.[11]

The exporter’s survey was held among 154 companies, including 118 beneficiaries, and 36 non-beneficiaries (including drop-outs), covering a representative sample of the portfolio in 17 countries. A net response of 27% was attained for the beneficiary group.

Finally, the efficiency of the programme was assessed against a benchmark of CBI’s organisational set-up and cost structure and compared to that of other trade promotion organisations.

1.4 Reading guide

Chapter 2 provides a short introduction to the Dutch government’s private sector development policies and the role that CBI plays in terms of achieving these goals. This chapter is followed by a description of CBI’s work procedures and institutional embedding (chapter 3). CBI’s contribution to export development (chapter 4) is followed by an assessment of the efficiency of programme delivery (chapter 5). Chapter 6 discusses the relevance, effectiveness and efficiency of the Business Support Organisation Development programme.

11 The reference group was compiled by asking CBI-assisted Business Support Organisations to suggest comparable companies from their files that are not CBI-assisted. CBI-assisted companies were asked to suggest names of comparable companies that were also not assisted by CBI.

2

CBI’s role in private sector development

2.1 Introduction

This chapter provides a short presentation of Dutch government policies and guidance (section 2.2) that have set the framework for CBI to formulate and implement its development interventions, i.e. CBI's position within the framework of Dutch policies on market development (section 2.3). CBI's programme activities are described in section 2.4. A simplified theory of change and intervention logic sheds light on how CBI's programme activities should contribute to the government's wider aims (section 2.5).

2.2 Market development policies within PSD

Policies on private sector development by MFA are organised into five main intervention categories: infrastructure development, financial engineering, improved market access, knowledge transfer, and interventions in the area of law and regulation.[12]

Regarding the financial commitment in the 'market development' category with a gross expenditure of EUR 180 million out of a total of EUR 550 million (33%), CBI is by far the largest programme in this cluster (2005-2012). Other programmes include Netherlands senior experts (PUM), the Sustainable Trade Initiative (IDH), and the market development of Solidaridad, for example. Improved access to markets and improved product ranges are the two central pillars of the market development category. Whereas in the past emphasis was laid on access to the European market and the liberalisation of international trade through WTO negotiations under the Doha Development Round, this focus has been broadened to also make better use of South-South trade,[13] and pursue better production strategies. The assumption is that this will improve product quality, increase the number of value-added products, and enhance product diversification, which will broaden the export base of developing countries, making them depend less on the predominantly low value-added export of natural resources. The main outcome indicator of the market development category is increased domestic, regional, and international sales by companies in developing countries.[14]

[12] IOB has recently evaluated Dutch support to the development of the private sector in developing countries, implemented in the period 2005-2012. *In search of focus and effectiveness*. IOB Evaluation no. 389, January 2014. See in particular Chapter 3: The Dutch policy for private sector development, pp. 56-73.

[13] In 2013 the CBI received an extra assignment by the Ministry of Foreign Affairs to research possible interventions to enhance regional South-South trade and introduce corporate social responsibility.

[14] TK 2011-2012, 32605, no. 56.

2.3 CBI's mission and strategy

CBI's mission is to contribute to sustainable economic development in developing countries by increasing their exports. Therefore it is necessary to strengthen SMEs in developing countries, empowering them to cope with trade barriers and keep track of trends and market opportunities. By meeting stringent market demands, a growing demand for sustainably produced products should develop, leading to export growth, employment creation, and income generation. This should eventually result in poverty reduction and increased self-reliance.

From 2005 onwards, international cooperation increasingly shifted the focus away from support projects that directly target beneficiaries on the micro-level (such as individual companies) to intensified efforts to achieve structural change in partner countries (support to business support organisations). Important reasons for shifting programmes towards building institutional capacities (meso-level) and addressing the policy environment (macro-level) were doubts, substantiated by research and practical experience, about the efficiency and sustainability of approaches that target the micro-level only. Most donor agencies, including CBI, follow a multi-level approach that simultaneously involves support measures for target groups, capacity development for institutional actors in their respective fields, and that also addresses structural bottlenecks in the policy arena, such as laws and regulations and sectoral promotion policies.[15]

CBI's leadership has not always agreed on its mission. There are basically two camps who have different ideas about the subject of intervention. First, there are those who believe that interventions should focus on decreasing information asymmetry, i.e. by exclusively focusing on the exchange and provision of market information. Others, however, state that companies and business support organisations need advice and counselling in order to develop their export capabilities. In their view, the intervention should go beyond simply providing market information and also include business development in general.

The latter point of view has become the standard operating procedure at CBI. This is illustrated by the 'Working Instruction Export/Business Audit for ECP modules' (annex 6), where the company audit has become more of a diagnostic tool that is used to lay out an intervention pathway to address these companies' weaknesses,[16] instead of using the audit as a strict selection tool for programme admission.

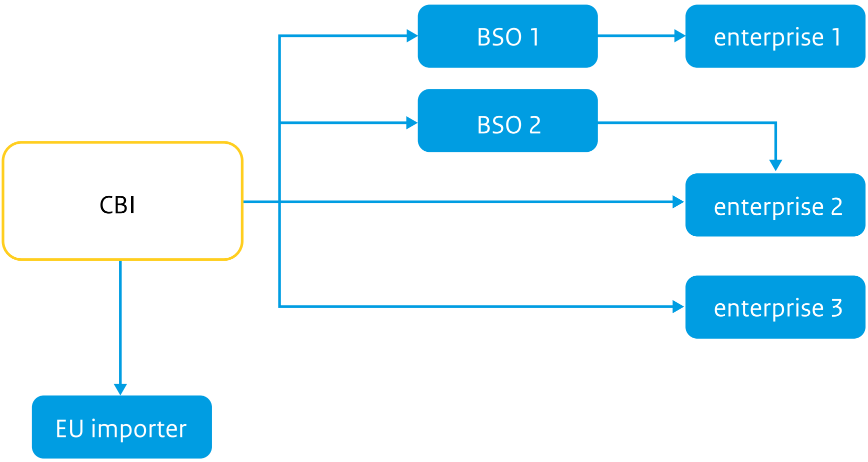
[15] Policy advice was just recently added to CBI's portfolio, but no structural interventions have been defined in this area yet.

[16] This working procedure illustrates that every company is audited on various aspects by CBI, and the audit scores determine which intervention pathway is offered to the company. According to those who believe CBI's main mission is to decrease information asymmetry, CBI should have been more selective in choosing its beneficiaries, only taking companies on board that are on the brink of exporting to the EU, since CBI is explicitly not meant to be or become a development organisation.

2.4 CBI's programme activities

CBI's multilevel intervention strategy aims to support individual companies as well as intermediary business support organisations (BSOs). In fact, a company might receive direct assistance through an export coaching programme (ECP), or benefit indirectly as the result of CBI support to BSOs (see Figure 1). The backbone of CBI's interventions, also in terms of budget, are ECPs for individual companies and assistance to the BSOD programme. Two other main activities are the provision of market information and training (human resource development). Since these latter activities are more subservient to both ECP and BSOD programmes, the current evaluation predominantly focuses on both ECP and BSOD interventions that started and were finalised between 2005 and the first quarter of 2013.

Figure 1 *CBI's targeting strategy*



Source: IOB based on CBI.

Export coaching

ECP programmes aim to strengthen the competitive capacity of SME producers/exporters in developing countries on European markets in order to achieve sustainable export growth. During the approximately five years of an ECP intervention, selected companies are assisted in developing an improvement plan (based on an initial audit) and offered sector-specific technical assistance. This means export marketing training as well as market entry strategies (participation in international trade fairs and buying missions, for example). Participants receive individual support by means of on-site consultancy, coaching from a distance, market information, trade fair participation, and business-to-business activities. Depending on their specific needs, companies may also receive technical assistance in the field of business development, certification, and product and production improvement. The phases and main activities deployed within the framework of an ECP are indicated below (Table 1).

Table 1	ECP programme phases and activities
Phase (contractor)	**Activities**
1. Feasibility study	- Country/sector selection
2. Identification and pre-selection	- Recruit participants - Identify missions and launch workshops - Pre-select applications
3. Technical assistance (by external consultant)	- Final selection of participants - Export auditing - Action plans and distance guidance
4. Training (EXPRO)	- Various seminars and workshops - Write export marketing plan
5. Market entry	- Trade fair participations - Company matchmaking
6. Market consolidation	- Contact consolidation and follow-up

Source: adapted from Triodos Facet (2009).

To be deemed a 'competent exporter'[17] by the CBI sector expert and CBI programme manager, a CBI-assisted company has to meet three sets of criteria. First, it should fulfil quality indicators at the result, effect and impact levels.[18] At the result level, the company indicates during the final evaluation of the EXPRO training that its skills and knowledge have improved as a result of having participated in the seminar. Second, the company translates its knowledge and insights of the EU and EFTA markets and export marketing into an export marketing plan. Finally, the company should have made relevant contacts in the EU/EFTA markets during the various market entry activities.

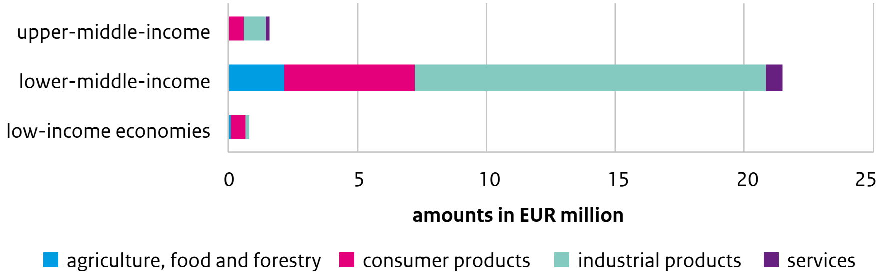
At the effect and impact levels, the CBI quality indicators verify that the company did manage to increase its exports to the EU during the programme (effect). The total realised additional export turnover to the EU is referred to as the impact realised.

The ECP portfolio accounted for in this evaluation totals EUR 24 million and represents 36% of the total expenditures on ECPs since 2005 (Figure 2).

[17] The word 'competent' exporter is debatable, as we have shown that for a substantial number of companies no financial data have been found in the programme database, which makes it impossible to conclude whether these companies fulfilled the quality criteria agreed upon between the client and contractor. Moreover, as we saw with the companies for which financial data were displayed, we found that a substantial number did not achieve export turnover at all. Nevertheless, we will use this terminology throughout the evaluation.

[18] See Annex 9.

Figure 2 *Breakdown of ECP Expenditures (CBI completed/delivered companies) by country income group and sectors (2005 - March 2013, total EUR 24 mln)*



Source: CBI/SAGE, elaborated by IOB.

From the above presented portfolio of completed ECPs, 3% of total expenditures (CBI delivered/completed companies) was realised in low-income countries, by far the largest share (90%) in lower-middle-income countries, and 7% in upper-middle-income countries. The budget breakdown by economic sector indicates that the main focus lies with industrial products.[19]

Business Support Organisation Development

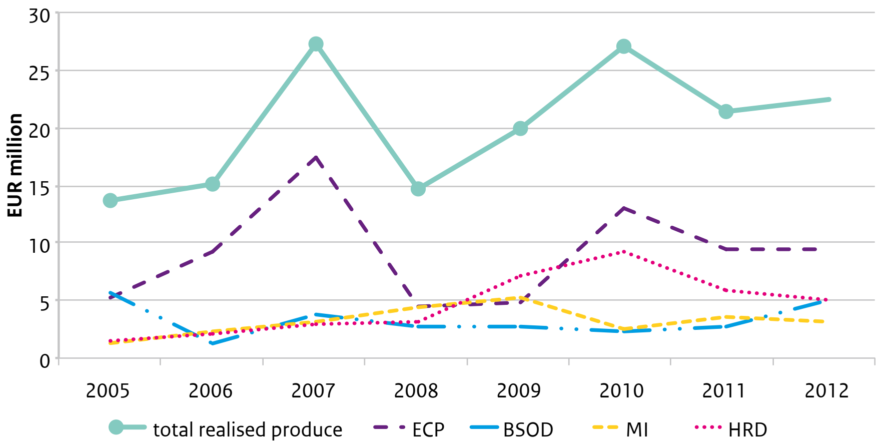
The BSOD programme aims to improve the business environment by enhancing the efficiency and effectiveness of the BSOs in their export development and promotion activities in the European market, and to improve the service delivery to exporters. Of the 56 BSOD modules that have been implemented since 2005 and finalised by the end of 2012, evaluations of 22 modules implemented by or on behalf of CBI have been included in the research sample, representing 38% of the budget spent.

[19] Since CBI beneficiaries are not consistently earmarked by main sector of economic activity, figures have been extrapolated.

2.5 CBI's production

The production values listed for the four main CBI services (dashed lines) show that ECPs are the main cost driver, covering almost 50% of the total production value (Figure 3).[20]

Figure 3 *Production value of CBI services*



Source: annual reports and production figures.

Both BSOD modules and market intelligence products represent nearly EUR 26 million, whereas interventions related to training represent over EUR 35 million.[21] The production peaks are explained by the fact that ECP modules are launched in batches and take several years to complete.[22]

2.6 Theory of change and intervention logic

A theory of change (ToC) explicitly shows how a programme or specific intervention is intended to function in a particular context, and how it will bring about the planned outputs and outcomes. It also explains which causal mechanisms are supposed to be triggered by an intervention, what the underlying assumptions for those causal mechanisms are, and what potential other development pathways could explain the results that have been realised.

20 It should be noted that because the budgeting system changed in 2010, the production value since then has been based on an *ex ante* standard tariff per delivered product. This value does not necessarily represent the costs of production.

21 The HRD hiccup and ECP decrease in 2010 can be attributed to administrative issues.

22 There is an additional explanation for the high ECP production peak in 2007, as this marks a change in the budgeting procedures from *ex post* product-based to *ex ante* module-based financing.

IOB recently reconstructed an MFA theory of change at the PSD policy level, which will be briefly touched upon in this section.[23] Better access to markets is one of the central objectives of the PSD policy. The malfunctioning of markets causes suboptimal terms of trade, as a result of which different groups are unable to benefit sufficiently from the opportunities presented by trade. The literature mentions two problems: (a) limited access to input or output markets, and (b) low or unbalanced competition in goods and services markets. A lack of market access hampers the development of a balanced private sector. This lack of access can have several causes:

1. Entrepreneurs have poor access to the market due to a lack of infrastructure or the low quality of infrastructure, with high (prohibitive) transport costs as a result;
2. Entrepreneurs have insufficient access to information about markets; and
3. The dissemination of information on new production methods and techniques is inefficient or slow, as a result of malfunctioning public information services, for example.

Especially for the poorer small-scale producers, high transaction costs, market risks, and limited information are important causes of poor access to (export) markets.[24] Problems arising from the structure and functioning of markets in developing countries include:

1) a lack of networks between producers, traders, and processors, which increases the costs involved in commercial transactions between companies;
2) small-scale producers cannot achieve sufficient volume in the market and are therefore at the mercy of middlemen;
3) a lack of knowledge and information on prevailing market conditions; this concerns both prices and quality requirements in domestic and international markets;
4) a limited number of commercial parties that together determine the price and block new parties from entering the market (monopoly or oligopoly formation);
5) trade barriers and limited interaction with the world distort domestic price ratios; and
6) low integration of local, regional, and national markets, potentially causing large price fluctuations and disproportionate margins.

CBI's theory of change

CBI has never explicated a theory of change at the programme level,[25] though it did start to base each of its interventions on logical framework analyses. Therefore, we have reconstructed a simplified ECP-oriented theory of change for this evaluation.

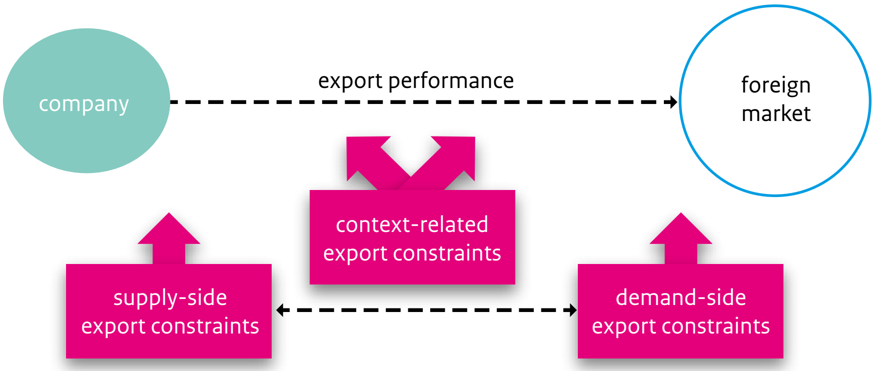
The simplified theory of change assumes that initially any company could be a flourishing exporter, except that certain constraints might be prohibiting this. It further assumes that if these constraints are – to some extent – removed, by ECPs or by other external or internal factors, the company will be more likely to increase its export turnover (Figure 4).

[23] See also Annex 8.

[24] SDC/DFID (2008). *A Synthesis of the Making Markets Work for the Poor Approach (M4P)*. Bern.

[25] CBI prepared a ToC ahead of this evaluation, but this document is more of an elaborate description of its four main products than a ToC. In response, IOB organised a workshop with the CBI programme managers, management and M&E staff, to reconstruct an intervention logic.

Figure 4 *Schematic overview of theory of change*



Source: IOB.

Potential export constraints are summarised and categorised in Table 2. Exports materialise when a company's supply meets demand in the foreign market. Therefore, export constraints on the demand and supply side are related.

Table 2 Trade-related constraints

Supply-side constraints	Context-related constraints	Demand-side constraints
Cost price level	Trade policy restrictions	Market entry
Design quality	Exchange rate	Customer needs and preferences
Product quality	Currency convertibility	Demand changes and trends
Packaging	Import restrictions	Market size and growth
Parts and raw material supply	Financing (of export transactions)	Market access (tariff and non-tariff barriers)
Internal export organisation/capacity	Shipping delays and costs	Insufficient demand
Production capacity		Communication with foreign markets/buyers

Source: IOB.

For instance, the packaging of a product (a supply-side factor) can only be considered to be constraining export performance when it does not meet the customer's needs and preferences on the demand side. Supply-side constraints are (mostly) under the direct control of companies. For instance, the cost price of a product is very closely related to the organisation of production (due to, for instance, organisational decisions on economies of scale and the level of mechanisation), but also to other factors outside the company's sphere of influence, such as the labour standards the company has to adhere to.

Demand-side barriers, on the other hand, cannot be reduced by a company. However, a company can potentially overcome these barriers by adapting itself or by committing more resources. For instance, a company cannot reduce the certification requirements for accessing a foreign market, but it can get its products certified; and although market entry in Europe is difficult and costly, a company can decide to commit resources to participate in a trade fair.

Context-related export constraints are different in this respect because they are considered more difficult to overcome. Context-related factors include, for instance, the exchange rate or import tariffs.

Simplified intervention logic

Other than a theory of change, the intervention logic specifically describes the internal logic of the programme intervention that ultimately should lead to the projected results at the output, outcome, and impact levels. The logical frameworks supporting CBI interventions correspond to the intervention logic. Annex 7 reconstructs the intervention logic of both ECP and BSOD programmes, which form the core object of evaluation.[26]

Limitations of the evaluation

CBI's tradition of programme evaluation has improved markedly over the years. By introducing a programmatic approach in 2011,[27] CBI has included a result chain in the measurement and evaluation plan.[28] The 'old style' programmes, which are the subject of the current evaluation, do not work according to this result chain and instead used to monitor so-called 'quality indicators' listed for the different CBI products.[29] Quality indicators and standards were set in order to enable CBI to steer on the basis of the quality of its activities.

[26] The reconstructed intervention logic finds its base in a joint session with the CBI programme management staff.

[27] Essentially, the new approach that was introduced in 2011 should be more balanced and integrated as a result of a reinforcement of services, which are to be more focused on addressing capacities and bottlenecks in the countries of operation, instead of market demand only.

[28] In January 2013, MFA approved CBI's new '*Measurement & Evaluation Plan*'. This plan is based on the principles of '*Protocol Resultaatbereiking en Evalueerbaarheid in PSD 2011*'. CBI's new programme management system is aligned with the DCED standard. After a few years, it should deliver data on outcome and impact levels. Currently, the development of a real-time evaluation method is underway (PRIME).

[29] Annex 9 gives an overview of the key performance indicators and quality indicators per intervention area and level, applied by CBI in the period 2006 up to December 2012. It must be mentioned, though, that the suggested breach in monitoring and evaluation does not mean – especially for the ECPs – that the 'old style' indicators have become completely obsolete.

A set of key performance indicators per intervention area, applicable for all 'old style' products, was adopted in 2006.[30] This allowed CBI to operate in a more result-oriented and flexible way, more in keeping with its status as an agency responsible for its own income and expenses.

Performance indicators were developed to serve two goals, namely: (1) project monitoring (content) and (2) project administrative purposes (accountability). A set of quantitative and qualitative indicators made it possible to objectively verify the number of completed units, while enabling financial auditors to verify whether CBI has the right to claim settlement of the received advance payments.

From a practical point of view, though, the programme management system did not – and still does not – meet the current standard of result measurement and evaluation. Despite a comprehensive dataset that was specially prepared by CBI, IOB's questions challenged the administrative and financial reporting system.

No data is being specifically collected to establish a baseline or end-line situation for CBI's interventions – at least not systematically. Moreover, evaluation outcomes are predominantly based on self-perception, measuring client satisfaction is not an integral part of the evaluations, and non-response analysis is absent. There is an obvious lack of discriminative performance evaluation data.[31] Moreover, from a methodological point of view, the evaluations are also of limited reliability, as they do not systematically address the issues of attribution, additionality, and sustainability.[32]

30 Existing products were subdivided into modules allowing for more flexible programme delivery.
31 Some examples include the objections that have been raised in several evaluations about the limited information of the EVALIN evaluation tool, which is based on forms filled out by course participants, and interviews right after the interventions took place, instead of some time after completion of the training. Similarly, some evaluators questioned whether CBI should use a longer time frame to measure additional export turnover at the company level.
32 Since CBI does not stipulate the reason why companies drop out of the programme, for example, current monitoring data do not allow one to measure the potential upward bias of the programme effect (selective attrition).

2.7 Findings

- The focus of international cooperation has shifted away from support directly targeting companies to support that aims to achieve structural changes in partner countries. Most donor agencies, including CBI, now claim to follow such a multi-level approach. In practice, however, CBI's interventions still focus more on the individual company level.
- CBI's leadership has not always agreed about what CBI's mission is. While some believe that CBI should focus on decreasing (trade) information asymmetry, others are convinced that beneficiaries need general business development, which requires a broader set of interventions. The latter reasoning has become the guiding principle of the CBI programme.
- CBI achieved just 3% of total expenditures in low-income countries, 90% in lower-middle-income countries, and 7% in upper-middle-income countries. This kind of budget allocation deviates from the priorities set by MFA, one of which is to target low-income countries more. As it takes some time to phase out programmes, expenditures have become more aligned with MFA demands, though it remains difficult to scale up in lower-income economies.
- CBI does not have an explicit theory of change that explains how the programme is meant to function in a particular context or how it will bring about the intended outputs and outcomes. Such a ToC had to be reconstructed for the purpose of this evaluation. However, CBI's interventions are based on an intervention logic that reflects the reconstructed ToC.
- CBI's programme management system does not meet the current standard of result measurement and evaluation. This makes it difficult to effectively monitor, steer, and evaluate the programme.

3 CBI's working procedures and institutional embedding

3.1 Introduction

CBI's work procedures do influence the final results of its activities. This chapter examines to what extent work procedures are consistent with the interests and needs of the beneficiaries, within the changed institutional context in which the organisation operates. These procedures are related both to the selection of countries and economic sectors and sub-sectors (Section 3.2), as well as the selection procedures followed to admit a company into the programme (Section 3.3). Another factor that likely influenced the results of CBI's activities can be traced back to CBI's institutional setting, having been transformed from a governmental department into an independent agency (Section 3.4).

3.2 Institutional context and country/sector selection

Stimulating national exports by offering information, finance, and technical assistance to individual firms through export promoting organisations (EPOs) has become an increasingly popular government intervention. The number of EPOs representing national interests has tripled worldwide over the last two decades (Lederman et al., 2010). The literature tells us that the types of service offered by these EPOs seem – at least on the surface – quite similar across countries.

One could argue that the increase in EPOs has opened up CBI's market for delivering support to newly established EPOs, helping them to become more responsive and professional. On the other hand, one could also say that the increase in the number of initiatives promoting export would have induced CBI to become more selective regarding initiatives to support or gaps to fill up. In other words, it raises the question which considerations played a role to persuade CBI to become active in certain countries and economic sectors and sub-sectors.

According to CBI the choice to become active in specific market sectors in developing countries is based on the following criteria:

- import potential in EU/EFTA markets;
- willingness among potential buyers in EU/EFTA markets to establish relations with exporters in developing countries;
- adequate export potential in developing countries;
- no insurmountable trade barriers;
- products have added value (no traditional bulk commodities); and
- contribution to export diversification of developing countries.

It is important that the production capacity has sufficient potential to be competitive to conquer, maintain, or expand a market share on the European market. Furthermore, CBI also takes into account the business climate and social policies of these countries. Countries with a per capita gross national income equal to 'upper-middle-income' and higher, including China, are excluded. Based on the available portfolio during the period of evaluation, 90% of total expenditures was spent in lower-middle-income countries, while 3% and 7% was spent in low- and high-income countries, respectively.

Based on feasibility studies, CBI selects countries and economic (sub-)sectors for the programme. However, decisions to start an intervention are based on import predictions for the EU industry in general rather than actual market needs (as defined by importers). A review of country and economic sector selection procedures within the ECP programme shows that these sometimes deviate from the guiding principles and procedures. For example, a comparison of the CBI country list and the countries of operation that were actually chosen, shows that 'preferred' countries were not the only ones to be selected but also countries marked as 'doubtful' or 'not selected', without explicitly explaining such a choice.[33]

33 Selection is based on the same scoring format as for the feasibility criteria, whereby the criteria 'market prospects' and 'supply potential' are comprehensive and – methodologically speaking – soundly underpinned. The remaining sections – 'assistance', 'design of the ECP' and 'policy' – receive considerably less attention in the ECP feasibility reports. For many indicators in the latter sections, it was not possible to identify a rationale for the scores underlying the feasibility criteria tables.

Box 1 *Changes in operational country list*

Policy changes introduced by succeeding ministers have had implications for the operational country list where PSD interventions could be programmed. According to the 2005 annual plan, CBI was able to operate in 35 countries, including 23 bilateral partners. Western Balkan countries were added to the list in 2005, and in 2006 CBI was assigned to this region. During the following years, the operational country list increased to 47 (including Armenia, Georgia and Moldova, and Burundi, while Rwanda and Afghanistan are being considered).

The introduction of a revised – and strongly reduced – operational country list by MFA in 2008, faced broad resistance and triggered the founding of the 'PSD platform', a round table of PSD implementing bodies and the ministry, initiated by CBI. In a memo from January 2009, the ministry requested PSD organisations to establish better contact with the least-developed partner countries, and simultaneously slowly phase out activities in (upper) middle-income countries.

In response to the increase in the number of countries with limited possibilities for export to the EU (i.e. Democratic Republic of Congo, Yemen, Mongolia, the Palestinian Authority, and Sudan), CBI proposed to expand its assignment to include enhancing regional South-South trade, as a preliminary for increased EU exports. This led to a revised country listing in 2010 encompassing the following country classifications: (a) nine fragile states, seventeen MDG countries and two least-developed countries (LDCs); (b) seven 'broad relation' countries in which CBI could start programmes up to the year 2014; and (c) five exit countries where CBI should have phased out its activities by 2013, seven promising economic partner countries and five other non-partner countries.

CBI's 2010 annual plan mentions a focus on development partner countries as well as LDCs, totalling 70% of the budget spent in 2014, with the remaining 30% to be spent in 'broad relation' countries. This meant a reduction in spending in 'phasing out' countries from 52% in 2009 to 0% in 2014. In 2011, MFA requested CBI to report in the future about its activities according to the following country groups: fifteen focus countries, three transition countries, twenty-nine other PSD countries and seven exit countries – totalling 54 countries. In its 2013 annual plan CBI refers to expenditure percentages in the following country categories, earmarked for 2017: focus countries (40%), transition countries (20%) and other PSD countries (40%). The current selection of 13 ECPs evaluated in this report covering the period 2005-2012 reveal the following expense patterns in 26 countries in which CBI has been operating: exit countries (49%), focus countries (4%), transition countries (16%) and other PSD countries (31%).

ECP expenditure by size by country classification (13 ECPs, 2005-2012)
Essentially, ECPs were not run exclusively in one or just a few countries, but open to a 'global' clientele. The number of countries participating in an ECP ranged from one to fourteen. In total, the thirteen ECPs under review represent 410 'competent exporters' from twenty-six countries, i.e. on average fifteen companies per country have been a beneficiary in one of these thirteen programmes.[34] Such a dispersed allocation of resources, already *ex ante*, carries with it the inherent risk of becoming too diffuse to be able to make a reasonable contribution to poverty reduction, which remains one of MFA's central policy aims.

The document review indicates that CBI is generally aware of the importance of contextual issues as potential causes for the observed intervention results. In its annual reviews, CBI elucidates on contextual developments that influenced production. It mentions the following issues, for example:

- phasing out of the Multi Fibre Agreement, which hampers textile producers;
- a review of the EU Novel Food regulation, which is considered to be a serious barrier for SMEs in developing countries that are active in this sector;
- product energy use as an additional criterion for CE certification;
- Forest Stewardship Council (FSC) labelling, requiring a substantial investment which cannot easily be compensated by gains;
- EUREP/GAP certification costs, which are an insurmountable barrier for companies;
- difficulties that companies face adhering to conformity assessments, which are related to standards and regulations;
- exporters from developing countries seem to be losing ground because of e-business; and
- CSR aims to stimulate transparency in markets, and requires a value-chain-based approach.

A critical reflection on the implications of the developments mentioned above for the choice of country-sector combinations did take place. CBI introduced an 'Access Guide' (part of the market information product), providing information on non-tariff barriers. In response to the phasing out of the Multi Fibre Agreement, CBI initiated a short-track ECP on clothing (2003-2005) in India, Sri Lanka and Bangladesh. With regard to FSC labelling, clinics about FSC certification were organised within the 'Timber and Timber-related Products' ECP (2000-2009). In the Netherlands, a stakeholder meeting was organised to discuss partnerships. Moreover, CBI introduced the 'Fresh Fruits and Vegetables' ECP (2002-2007), which had been specially started to support companies in low-income economies that risked losing their market position as a result of EUREP/GAP requirements.

[34] Since programme take-up is essentially globally focused, there are examples of ECPs with a dominant country clientele. See, for example, ECP 1034 ('Pipe and process equipment'), accommodating predominantly beneficiaries from India and Pakistan, or ECP 1035 ('Outerwear Macedonia'), being the only one of the 13 ECPs investigated that had beneficiaries from one country (Macedonia).

Despite the above, not all countries will necessarily reap the benefits of enhanced trade openness, according to the literature review. Trade particularly seems to benefit more advanced economies with a good business climate (Winters and Masters, 2013). In this respect, flexible labour markets, the ease of starting a business and well-established property rights seem to be especially important (Freund and Bolaky, 2008). The idea that an enabling environment does matter, as suggested in the literature and also reflected in CBI's selection criteria, raises the question of what other information on the enabling trade environment could have been used *ex ante* to guide CBI's country choice.

To cite an example, 'The Enabling Trade Index' (ETI)[35] provides insight into the fundamental attributes that govern a country's ability to benefit from trade. ETI is a collection of individual indicators compiled in a single index on the basis of an underlying framework that captures the following trade-enabling dimensions:

- market access, which measures the extent and complexity of a country's tariff regime, as well as tariff barriers faced and preferences enjoyed by a country's exporters in foreign markets;[36]
- border administration, which assesses the quality, transparency and efficiency of a country's border administration;[37]
- infrastructure, which assesses the availability and quality of a country's transport infrastructure, associated services, and communication infrastructure, all of which are necessary to facilitate the movement of goods within the country and across the border; and
- operating environment, which measures the quality of key institutional factors impacting the business of importers and exporters operating in a country.

When taking into account the share of companies that left the programme per country, i.e. the *drop-out rate*, these countries also seem to be the ones that face the highest barriers in terms of international market access. This is not to claim causality up front,[38] but illustrates that CBI could have enriched programme information and feasibility studies with publicly available information in order to reach a more well-reasoned operational country choice, and to create more valuable information for the steering of the programme.

35 The Global Enabling Trade Reports, World Economic Forum.
36 The pillar assesses tariff barriers faced by a country's exporters in destination markets. It includes the average tariffs faced by the country as well as the margin of preference in destination markets negotiated through bilateral or regional trade agreements or granted in the form of trade preferences.
37 The pillar assesses the efficiency and transparency of border administration. More specifically, it captures the efficiency, transparency, and costs associated with importing and exporting goods.
38 The real-life picture is more ambiguous than the comparison suggests, as for example, not all companies experience international market access barriers equally.

According to the assessment of the ETI country rankings, it would have been less likely for a choice to fall on the following countries at the time of the start of the interventions (listed in order according to the amount of budget spent): Colombia, Bolivia, Uganda, El Salvador, Honduras, Tanzania, and Bangladesh.[39]

A preliminary conclusion, based on information from CBI's programme database indicates that countries where the intended results were achieved are the ones that also score favourably on the ETI (in alphabetic order): Egypt, India, Jordan, Macedonia, Pakistan, Peru, Philippines, Serbia, and Tunisia.

Countries with neutral or good perspectives for international market access where export potential has not been sufficiently realised, if at all, include: Ghana, Indonesia, Kenya, South Africa and Sri Lanka.

3.3 Company intake and addressing its needs

A specific characteristic of ECPs is the selection of weaker and stronger companies under the assumption that the stronger companies will serve as a benchmark for the less strong ones (a 'healthy mix'). In addition, it is assumed that companies from countries with a weaker supplier profile or image could benefit from improved visibility and the reputation of stronger countries in the programme, for example by joining forces at a trade fair.

When addressing company needs, the theory of change identifies the most important export barriers for companies from developing countries. By comparing these to the barriers addressed by ECPs, one can assess whether the assisted companies have found the ECPs to be meaningful.

An illustrative example taken from one of the country case studies lists the biggest export obstacles ranked by scores according to 'The Global Enabling Trade Report'[40], and the combined scores of thirteen South African case study companies (Table 3). Moreover, the export obstacles mentioned by the interviewed trade promotion organisations have also been referred to in the table. The last column indicates whether the export barriers are in fact addressed by ECPs. By comparing the perceived barriers to export with the activities delivered within each ECP, one can judge *ex ante* the relevance of ECPs. The judgement as to whether, and to what extent, ECPs have actually removed these export barriers for ECP-assisted companies is part of the contribution analysis which follows in the next chapter. When trying to enter foreign markets, exporters face constraints related to market supply and demand, as well as the wider economic context within which companies operate. Each of the export barriers refers to one of these dimensions, as indicated in the third column.

[39] This assessment goes beyond the political wish of the Ministry of Foreign Affairs for the CBI to become more active in least-developed economies. See Annex 10 for a visualisation of the ETI rankings for each of the countries in which CBI has been running ECPs.

[40] The World Economic Forum, 2014.

According to the World Economic Forum (WEF), South Africa faces major export constraints while lacking access to imported inputs at competitive prices, which increases export prices, especially since the currency exchange rate has worsened.[41] A highly complex tariff structure for imports and the inefficiency of border administration procedures to import and export goods are also considered to be the cause of major problems. Half of the top-ten ranked export barriers are related to contextual issues.

The export barriers perceived by the case study companies partly overlap with those mentioned in the WEF report (the first 12 obstacles listed in Table 3), but they also indicate that other issues are at play, such as a lack of internal export organisation (capacity), dealing with demand changes and trends, and communication with foreign buyers.

Many of the constraints mentioned both by the WEF report and case study companies are also in line with export obstacles identified by trade promotion organisations (TPOs).[42] Triangulating these sources helps us to identify the most important export constraints faced by South African companies:

- no competitive pricing due to high cost of inputs (e.g. raw materials, electricity, labour);
- problems identifying potential buyers;
- tariff (import duties) and non-tariff barriers (technical requirements and standards);
- limited financial resources to overcome market entry costs (especially common among small companies);
- high transport costs (and shipping delays), especially to Europe; and
- difficulties in meeting buyers' quality/quantity requirements.

This example shows that ECP interventions focus on two of the six major export constraints, namely: (1) the identification of potential markets and buyers, and (2) difficulties in meeting buyers' quality/quantity requirements. In addition, much effort goes into dealing with constraints that were considered less important (e.g. training on legal issues, contracts, and communication with foreign buyers). However, it should be noted that many of the important unaddressed constraints are context-related, and hence fall outside the sphere of influence of ECPs and export development programmes in general.

What does this mean for the relevance of ECPs for assisted companies in South Africa and elsewhere? While ECPs are actively identifying buyers and markets, which is considered to be the most important export constraint among assisted companies, there are many other important factors that are constraining these companies that are not being addressed (e.g. high input prices). This implies that there was *ex ante* a considerable risk that the effort of ECPs, even if highly successful in bringing companies in contact with buyers, would not increase export turnover when these other constraints turn out to be binding.

41 These constraints are not from recent years, but were also apparent at the time of ECP implementation.
42 The abbreviations TPOs and BSOs are interchangeable.

Table 3	Export barriers					
	Obstacle	**Dimension**	**WEF rank**[42]	**Case study companies**	**TPOs**	**ECP**
1	High cost or delays caused by domestic transportation	context	X			
2	Access to imported inputs at competitive prices/price level	supply	X	X	X	(X)
3	**Identifying potential markets and buyers**	**demand**	**X**	**X**	**X**	**X**
4	Tariff barriers abroad (e.g. import duties in target markets)	demand	X	X	X	
5	Inadequate production technology and skills	supply	X			(X)
6	Burdensome procedures at foreign borders	context	X			
7	High cost or delays caused by international transport	context	X	X	X	
8	Access to trade finance	context	X	X	X	
9	Corruption at foreign borders	context	X			
10	**Difficulties in meeting buyers' quality/quantity requirements**	**supply**	**X**	**X**		**X**
11	Technical requirements and standards abroad	demand	X	X		(X)
12	Rules of origin requirements abroad	demand	X		X	
13	Limited knowledge on legal issues and contracts	context			X	X
14	Currency volatility	context			X	
15	Internal export organisation	supply		X		X
16	Demand changes and trends	demand		X		X
17	Communication with foreign markets/buyers	demand		X		X
18	Design quality	supply		X		X
19	Production Capacity	supply		X		(X)
20	Packaging	supply		X		

(X) = ECP partly contributing;
***Bold** = main obstacles ECPs address.*
Sources: World Economic Forum, IOB.

[43] Ranking from highest to lowest obstacle.

3.4 Institutional arrangement

CBI was established in 1971 as the first international 'import promotion organisation' to develop non-commercial policy to increase imports from developing countries to Europe. Although the minister of development cooperation in 1997 indicated that he was satisfied with how CBI was functioning, it was decided to investigate whether CBI would function even more effectively if it was to be placed further away from the core department. A study decided that the preferred option was its transformation into an agency (see Box 2).[44] On 1 January 1998, CBI was spun off into an agency with its own income and expenses regime ('*Baten Lasten Dienst-model*' in Dutch).

Box 2 *Regulation departmental agencies, 2007*

Departmental agencies have been operational in the Netherlands since 1994. They can be defined as government organisations with their own income and expense regime, which aim to achieve greater effectiveness in policy implementation. In 2011, the '*Baten Lasten Dienst (BLD)*' scheme was evaluated by the Ministry of Finance.

Departmental agencies are characterised by a results-oriented management model, supported by a cost-benefit administration. It is a form of internal autonomy in which the hierarchical subordination to the minister remains fully maintained. This model is based on two general assumptions: (1) the agency can similarly be controlled as a company in the private sector; and (2) the agency is not out to create economic value while serving the general public interest. The BLD model has the following specific characteristics:

1. results-oriented management model:
   a. three distinct roles (contractor, client and owner);
   b. output management by the client;
   c. presence of conflict of interest/negotiation game;
2. efficiency/measurability:
   a. handling a full cost model;
   b. presence of homogeneous measurable products and services;
   c. monitoring efficiency (using indicators); and
3. different financial regime:
   a. the presence of investment and depreciation, use of loan facility;
   b. building of equity;
   c. use of accrual accounting.

Source: Regulation Departmental Agencies. Ministry of Finance, 2007.

44 The reason for introducing agencies in the Netherlands was to lower the cost of services, without compromising on quality. The ministry and CBI have agreed on a 'results-based control model' (price x quantity) per product or service. The indicators set by CBI to monitor its performance (key performance indicators) actually serve two goals: (1) project monitoring (content), and (2) project administrative purposes (*ex ante* price setting of services).

3.4.1 Result-oriented management model

The contribution of CBI to the implementation of market development policies is the subject of consultation between MFA and CBI. The deputy Secretary-General of the MFA acts as the 'owner' of CBI, while the MFA's deputy Director-General of International Cooperation (DGIS) acts as the client[45] on behalf of the Minister for Foreign Trade and Development Cooperation. The mandate that CBI, the contractor, should contribute to poverty reduction by strengthening the competitiveness of companies from developing countries, i.e. by improving internal business conditions, was reconfirmed by the client in September 2009. CBI submits a multi-annual offer to MFA in which it presents its agenda. Within this general framework, the deputy DGIS issues annual contracts to CBI for products to be delivered on the basis of a tender issued by CBI at already approved tariffs. Being an agency implies that steering from the ministry focuses on products (quantity/price) and to a lesser extent on the policy impact and quality.

Supervision

According to the assumptions underlying the agency model, MFA's central financial department (FEZ)[46] acts as advisor to the deputy Secretary-General, representing his or her interests. The control unit (CU) should focus on assessing the effectiveness of business processes at CBI, but also make sure that CBI's cost rate applies. However, document review and interviews indicate that the CU is primarily involved in advising the deputy DGIS about the plausibility of the offer submitted by CBI, assessing whether the quoted rates are not too high. The latter should be the role of the deputy DGIS, supported by its controller.

Several MFA departments have been in charge of steering CBI.[47] From interviews held with current and former policy-makers, controllers and employees of the Central Government Audit Service (ADR), and supported by detailed document analysis, one could generally state that despite a great deal of effort, commitment, and good intentions, there has been insufficient knowledge and operational know-how from within the ministry on how to manage and steer an agency that is supposed to behave as a private entity.

The available files do not contain good descriptions of the different specific roles for the owner and client, according to some interviewees, and this has even led to a situation in which the interpretation of the roles between client and owner were reversed. While the interpretation of the assignment and the formulation of the results (the 'how to do' question) were discussed with the owner, the client focused primarily on more institutional-related topics (the 'what' question), suggesting that they interpreted their roles in a different way.

[45] The CBI now has *de facto* one client, namely the deputy DGIS. During the period under evaluation, CBI foresaw other potential clients over time, such as the European Union, Germany, Ireland, and the World Bank.

[46] The Dutch acronym FEZ stands for Financieel Economische Zaken.

[47] From the Social Development Department to the Sustainable Economic Development Department.

Specifically, since MFA began administering an agency of which the operational and financial control system differs completely from that of regular cash and obligations systems,[48] it can be concluded that the quality of MFA's administrating of CBI has depended strongly on the interest and knowledge, as well as available time and priority setting, of the civil servants in charge, both at the levels of strategy and implementation. Therefore it has been very difficult to administer a proper result-oriented framework that asks CBI the right questions.

Agency model requires the owner, client and contractor to play different roles

As in any steering relationship between owner, client and contractor there is a degree of information asymmetry: contractors have more information at their disposal than clients and owners. The mechanism of conflict of interest between the client, owner, and contractor never materialised in the case of steering CBI. The documents reviewed and the interviews suggest that the negotiation game was never really fully played. Instead, the relation between owner, client, and contractor can be characterised by a commonly shared interest or risk.

Moreover, CBI, as the only service provider, had the opportunity to monopolise. In such cases, transparency must be introduced by benchmarking with comparable providers, from the private sector or not. However, for specific public goods there are hardly any alternatives that can serve as a reference to keep the pricing of services transparent. This prevents any real bargaining from happening, which is illustrated by the following example.

Annually, CBI prepares a quotation for the deputy DGIS and, based on the offer, expects to engage in a business negotiation with the client regarding the amount, price and quality of the services. In these types of bargaining situations it makes sense for the contractor to maximise the initial offer, thus creating room for manoeuvre. Since this kind of negotiation process rarely occurred between CBI and MFA, one could say that MFA did not push for efficient service delivery by CBI up front.[49]

Another intervening factor is the difference in accounting systems used by CBI and MFA, which are not compatible. MFA reserves approximately EUR 25 million of its budget annually for CBI, and administers a model that encourages cash flow instead of cost price reduction. If CBI were to reduce the cost of production, while MFA enforced a predictable annual cash flow, then CBI would have to increase production. This suggests that there is not an MFA-induced incentive for CBI to lower its costs. Or vice versa: if the funding by the client is solely based on the principle of price times quantity, then there is an inherent interest on the contractor's side to maximise quantity during the year, without necessarily contributing to social welfare.

48 In Dutch: *'regulier kas- en verplichtingen stelsel'*.

49 See also the report of the Accounting Unit on the cost prices offered to MFA by CBI.

3.4.2 Lack of steering by MFA

Until 2010, MFA gave CBI only limited attention in policy, and the relationship between CBI and its principal was not particularly dynamic. A few parliamentary questions were raised about alleged subsidies that CBI left for competitors of Dutch companies in developing countries, thus destabilising a level playing field.[50] This lack of steering by its principal gave CBI room for manoeuvre, and it launched initiatives that were often accepted by the principal without much comment. Several times, CBI also tried to expand its mission.[51]

Since 2010 in particular, both MFA and CBI realised that the time had come to change the attitude that had crept in after years of sustained *laissez-faire*. Consequently, MFA became stricter with the agency. It was mutually agreed that CBI had been operating for too long in splendid isolation.[52] MFA asked CBI to introduce initiatives that contribute to the implementation of policies set in the field of private sector development. It required a more focused mission and goal-setting, in which CBI was challenged by MFA to establish a more tangible and transparent link between export promotion, sustainable development, and poverty reduction. In the 'PSD protocol on evaluation' it was agreed that all impact evaluations should measure net income (exports in the case of CBI), as well as net additional jobs.[53] MFA explicitly requested CBI to establish better connections with the Dutch (least-developed) partner countries, while stepping back its activities in (upper-) middle-income countries, and to address SMEs.

Under the State Secretary for European affairs (2010-2012), an interest in supporting economic sectors was developed, promoting the self-reliance of developing countries. Policy changes focused less attention for aid, while stimulating more trade and investment, and promoting mutual beneficial relationships (also with a focus on strengthening the role of the Dutch private sector in development policy). Furthermore, the previously announced reduction in the number of countries in which the so-called private sector development tools could be implemented, was recalled, hence increasing the possibilities for CBI to become more active globally.

With the Minister for Foreign Trade and Development Cooperation entering office in late 2012, an ambitious policy agenda[54] was introduced that focused on coherency between trade and aid. It mentions, among others things, that despite diminished tariff barriers over the years, exporters from developing countries are facing stiffer EU entrance barriers as a result of non-tariff barriers, such as requirements on safety standards, energy-efficient production methods, durability and packaging. While Dutch PSD policies defend these more stringent

50 See also 'Tweede Kamer, 2008-2009; aanhangsel van de Handelingen. Vragen nr. 3225 en 3586'.

51 CBI proactively but unsuccessfully suggested to coordinate projects financed within the framework of the Schokland agreement (2009), and, more recently, proposed that it become the coordinating body of the technical assistance part of the Dutch Good Growth Fund.

52 Internal memorandum DGIS, DDE-564/2010.

53 Although CBI reports on additional jobs, this indicator has never become relevant for financial settlement.

54 *'Wat de wereld verdient: een nieuwe agenda voor hulp, handel en investeringen'*, Tweede Kamer 20012–2013, 332 625, no.1. Translated into English as: *'A World to Gain: A New Agenda for Aid, Trade and Investment'*.

product admission criteria, on the one hand, they also aim to help exporters from less-developed regions to mitigate the problems they face because of this. CBI is specifically mentioned as having to render such support services in developing countries.

A more proactive course taken by CBI led it to cooperate with international and national PSD organisations in a more structured manner.[55] Despite good intentions, as shown in the country studies, CBI is unfortunately seen as a 'standalone' service provider, not actively searching for or engaging in joint programmes that require more strategic approaches in country and sector promotion.[56] The reports also indicate that during the period under evaluation, the CBI programme was developed and implemented autonomously, i.e. independent of the respective governments' national development strategy and MFA's country programme (as implemented by the embassies).[57]

3.4.3 Rethinking CBI's status

During the period of evaluation 2005-2012, CBI was in full operational swing and took basic decisions about its future course and work methods. The transformation into an agency that is responsible for its own cost and expenses regime and that should operate under a result-oriented management regime since 1998 took longer than expected.

The years 2005-2008 marked a period in which CBI management focused strongly on the reduction of a wide array of activities to four main billable products, while at the same time introducing a result-oriented management model.[58] A start was made to change CBI from an input-driven to an output-driven organisation. Five main priorities were formulated that CBI needed to act on: strategy and development, administration and financial management, collaboration and coalitions, and monitoring and evaluation.

After taking office in 2008, a new managing director decided to change course. It was recognised that too much focus had been laid on internal processes and product supply, without creating coherency between CBI's various departments. There was a strong need for clear organisation-wide goals to guide the activities of CBI and its divisions. Moreover, the

55 CBI initiated the PSD round table, even as the joint website PSD /Trade2gether, to stress cooperation and synergy amongst network partners. It started cooperation with market access partner organisations PUM and IDH, later getting involved with the SNV inclusive business programme in Bolivia. In 2011 CBI started the Trade Related Instruments Connected (TRIC), an international platform of likeminded trade promotion organisations. In a first step, cooperation among members aims at market intelligence of which the objective is to prevent duplication of work and to share knowledge, and sharing information regarding potential SMEs and potential importers or collaboration in market entry by geographical division.

56 Unlike its counterpart SIPPO, CBI was less successful in its effort to collaborate with several development partners and their respective programmes, who work in value chains (e.g. USAID, IFC, GTZ, DFID and DANIDA).

57 Since 2011, more integrated partnership programmes with local service providers (agreed upon in MoUs) have been launched, in which a task division between both partners has been agreed upon. CBI focuses on topics that local trade promotion organisations are unable to deliver.

58 For example, employees were required to account for their time, more as a disciplinary measure than an attempt to create a better basis for justifying the product cost structure. The system was not kept in place for long though.

client, i.e. the deputy DGIS, called for greater effectiveness and efficiency, introducing the need for greater external visibility. The organisation was urged to become more active in the poorest countries and fragile states, and to reduce its activities in upper-middle-income countries. Moreover, CBI's management endorsed the findings of an organisational review by MFA/ISB in 2009[59] that began a process to develop clearer strategy, measurable objectives and more synergy.[60]

An offshoot of this renewed strategy is the integrated work method that was introduced in 2011. The organisation's new course aims to make CBI's impact and added value clearer, and to develop a strategic country focus that includes the least-developed and fragile states.[61] A lack of clear internal goal setting by CBI, but also by the client, made it necessary to implement a monitoring and evaluation framework, which resulted in the 'Result Measurement & Evaluation Plan' in 2012, and the development of a real-time impact evaluation method since 2013.

The organisation review by MFA/ISB (2009) mentioned the agency's relatively small size, implying how urgent it is to rethink the scale of its operations. Efforts by CBI to get financial contributions from other (predominantly international) donors proved disappointing over the years.[62] This accelerated talks about bringing CBI under the umbrella of NL Agency, the executive agency for Dutch international business development (and the forerunner of RVO, the Netherlands Enterprise Agency). CBI initiated this by proposing its owner and client to set up a business case. As of January 2015, CBI became part of RVO, meaning that CBI ceased to exist as an independent agency of MFA.

59 '*Verkorte Organisatiedoorlichting Centrum tot Bevordering van de Import uit Ontwikkelingslanden (CBI)*', MFA/ISB, 2009. ISB is part of MFA. The acronym stands for '*Inspectie Signalering en Begeleiding*'.

60 See also the guiding document by CBI: '*Koers 2010*'.

61 CBI annual plan 2010.

62 During the evaluation period, CBI received an order from Ecuador (US$ 772,000) and a repeat of the order in 2015 (US$ 2.2 million)

3.5 Findings

- The number of Export Promotion Organisations in developing countries has increased considerably in recent decades. They deliver similar services worldwide that should have triggered CBI to become more selective about what initiatives to support or not.
- CBI has been sensitive to issues that negatively influence the programme's effect, and as a result CBI has reflected critically about which countries and economic sectors to select for its activities. A review of country and economic sector selection procedures in the ECP programme shows that not only 'preferred' countries were selected, but also countries marked as 'doubtful' or 'not selected', without making such choices explicit.
- Since its interventions focus only on a couple of major export constraints, CBI has been unable to address other constraints that prevent companies from exporting. In other words, there was *ex ante* a considerable risk that the programme's efforts, even if it was highly successful in bringing companies in contact with buyers, would not increase export turnover.
- CBI's transformation into a departmental agency in 1998 did not lead to the intended results-oriented management model supported by a cost-benefit administration. It has never been easy for any of the parties involved (the deputy Secretary-General being the owner, deputy DGIS being the client and CBI the contractor) to adjust to their new roles. As result, MFA was unable to steer CBI towards efficient programme delivery.
- MFA challenged CBI in 2010 to make the link between export promotion, sustainable development, and poverty reduction more tangible and transparent, after a period of sustained *laissez-faire* in which CBI could operate in splendid isolation.

4

CBI's contribution to export development

4.1 Introduction

This chapter focuses on the effectiveness of the export coaching programme. Section 4.2 starts with a short introduction on how these effects are measured. Section 4.3 assesses both the extent to which ECPs have been able to relieve export constraints, as well as the effect on export turnover, also discussing the contribution of the programme in achieving these effects. Section 4.4 discusses how ECPs contributed to the achieved programme effects. Moreover, in order to have an impact on the national development indicators, the effects are assumed to be sustainable, and that the extra gains, in terms of added value and employment creation, will be, as much as possible, beneficial for the national economy (Section 4.5). Reasons for not achieving the intended effect are given in Section 4.6.

4.2 Measuring effects

A review of the programme documents does not explicitly show how ECPs are supposed to function in particular contexts or how they will bring about the planned outcomes. Nor does it explain what causal mechanisms are supposed to be triggered or what the underlying assumptions are for those causal mechanisms to operate, or what potential other pathways could explain the achieved results. Based on the reconstructed intervention logic,[63] we have formulated our own assumptions (at the immediate, intermediate, and ultimate outcome levels, and at the impact level), which will be tested in order to have a better understanding of the programme's effects. We will test these assumptions by looking into how the following indicators developed, and examining to what extent these developments can be attributed to the interventions received by the programme beneficiaries.

At the immediate outcome level, ECPs should:
- target companies most in need, which is reflected in the indicators 'programme additionality' and 'company selection'; and
- overcome key constraints faced by beneficiaries trying to achieve their export goals.

At the intermediate outcome level, ECPs should:
- contribute to (1) more organised and structured export planning and implementation, (2) an understanding of the European business culture, and (3) a more confident entrepreneur;
- target both incumbent EU[64] and new exporters, which is measured by the share of beneficiaries that started to export as a result of the programme;[65] and
- diversify exports, both in terms of export destinations and product range.

[63] Annex 7 contains a visualisation of the reconstructed intervention logic.
[64] References to the 'EU' include 'EFTA' countries.
[65] CBI's Memorandum to its principal dated July 3, 2008 proposed to replace the module name 'export diversification' with 'market development'. The new name reflects the tapping of new (i.e. European) markets for products that are already being exported, or placing new products on current EU markets. It no longer concerns the combination of new products on new European markets, because it is already known that this combination hardly leads to export growth.

At the ultimate outcome level the ECPs should:

- increase the programme beneficiaries' exports and export share, measured by the share of beneficiaries that increased exports, and the size of these additional exports.

At the impact level, ECPs are likely to:

- support those sectors and companies that add substantial value to the domestic economy;
- contribute to sustainable export increase and stable relationships with importers;
- create additional (sustainable) jobs, while accounting for the potential short-run trade-off between competitiveness and jobs; and
- prevent substitution effects, since from a macro-development perspective choosing a CBI-assisted company can be detrimental to current suppliers in developing countries.

4.3 Findings

When discussing effects it is important to remain focused on alternative pathways that could explain the results (sub-section 4.3.1) as well as any insights about the type of companies that entered the programme (sub-section 4.3.2). The programme effects at the intermediate, ultimate and impact levels are discussed in sub-sections 4.3.3 and 4.3.4.

4.3.1 Additionality

This section asks what inputs and services were provided by ECPs to companies in addition to what these companies could already obtain on the market or from other institutions operating in local markets, as these could offer alternative explanations for the results.

The concept of additionality in its most basic form refers to the 'amount of output from a policy as compared with what would have occurred without government intervention'.[66] Being additional means having added value or being complementary to what the market or other institutions are already providing (see Box 3).

[66] Mceldowney, J. (1997). Policy Evaluation and the Concepts of Deadweight and Additionality: A Commentary. In: *Evaluation*, April 1997, vol. 3, no. 2, pp. 175-188, European Commission, Brussels.

Box 3 *Additionality defined*[67]

The Independent Evaluation Group (IEG) of the World Bank investigated the additionality of the International Finance Corporation, a World Bank institution that provides investment and advisory services to build the private sector in developing countries. It states that additionality has three main characteristics:

- Additionality is relative, i.e. it refers to what is available from other parties;
- Additionality is situational, because availability depends on circumstances and 'situations exhibiting market and institutional imperfections that inhibit development'; and
- Additionality is highly dynamic, i.e. the additionality of an institution may change as the institution itself changes, as other organisations in the environment change and as circumstances in developing countries change.

According to our interpretation, we therefore need to ask whether or not ECP-assisted companies would have had access to a comparable and affordable alternative, in order to develop their export potential. This requires information on what type of export services were on offer during the intervention period, and to what extent companies had access to these services.

The country case study reports reveal that many different types of export development services and subsidies were on offer by several institutions at the time of the intervention. Smaller companies, like those targeted by CBI, could generally not afford the consultancy services available in the private sector. Exporters that did not make use of other service providers stated that this was due to a lack of quality and availability of services, as well as a lack of ability to pay for these services.

Moreover, investing in export development is often a low priority, and many companies even refuse subsidised trade fair participation because the required co-investments are deemed too large. This means that any export development services offered to these companies is additional to what they can (or are willing to) obtain on the private market. The question then remains whether ECPs were additional to the export development services offered by the local institutional framework.

Our survey of 154 beneficiaries, drop-outs and non-beneficiaries indicates that almost half of the companies actually made use of export promotion services of organisations other than CBI since the ECPs started.[68] On average companies received 3.2 different types of

[67] IEG (2008) Independent *Evaluation of IFC's Development Results 2008: IFC's Additionality in Supporting Private Sector Development*. Washington, D.C.: Independent Evaluation Group World Bank.

[68] The finding that about half of the population has used export promotion service organisations is well in line with findings in the country case studies and other evaluation studies.

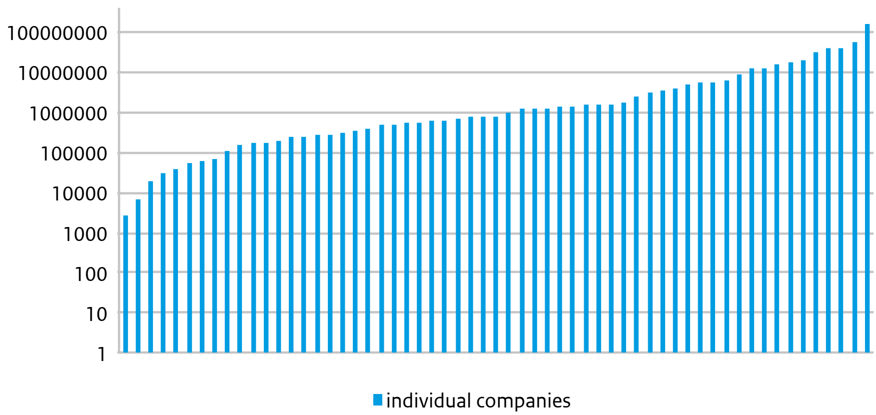
services since ECPs started. The most commonly received assistance is trade fair participation support, matchmaking, training on technical issues such as certification, custom procedures, training on personal skills, and one-on-one coaching and advice. On average companies paid EUR 1,700 for paid services, and in one third of the cases the services were freely available. A comparison of these other services with services offered in the ECP programme suggests that in almost 40% of the cases the companies perceived the ECP service to be totally different from the local services offered. Another 40% found the services 'somewhat different', while 20% said the local services were 'totally similar' to CBI's. Interestingly, when asked about the quality of the local services compared to CBI's, 25% of the companies felt that the quality of the local service was lower than CBI's, while the remaining companies either judged the local quality to be of the 'same quality' (38%) or even 'higher quality' (38%).

We conclude that half of the ECP beneficiaries also received services from other service providers. Most of these companies judged these services to be of equal or higher quality than that of ECPs.

4.3.2 Selected companies and programme drop-outs

In order to get a feel for the type of companies that entered the programme, the company's total turnover has been listed (Figure 5), as well as the share of turnover that is earned out of exports, and the EU export share (Table 4). The mean average turnover is about EUR 23 million, whereas the median is 'only' EUR 804,000, indicating a highly skewed distribution of ECP beneficiaries in terms of turnover.

Figure 5 *Company turnover at start of ECP intervention (logarithmic scale, n=76)*



Source: IOB, survey.

A closer look at the distribution in the above figure shows that this discrepancy is caused by a small number of outliers on the upper end of the distribution. The turnover for fourteen out of the reported seventy-six companies in the figure is above, and sometimes far above, EUR 10 million, with one Colombian company in particular reporting a turnover of EUR 1.2 billion, of which EUR 240 million was export turnover. In other words, using the mean[69] for reporting purposes is not a good measure of central tendency.[70]

About 75% of the beneficiaries already had some experience exporting to Europe before entering the programme. The total export range of beneficiary companies, the median export share of total turnover, and the EU export amount are listed per quartile of observations (Table 4).

Table 4	Exports of beneficiaries the year before ECP started (n=76)		
Total exports			Exports to EU
Quartile	Absolute (EUR 1,000)	Median export share of turnover	Absolute (EUR 1,000)
1	≤30	5%	0
2	30-239	23%	1-18
3	239-1,824	20%	18-182
4	1,824+	40%	182+

Source: IOB, survey.

The data show that the export share of total turnover is positively associated with absolute export values, i.e. companies with a larger export volume also tend to have a larger export share of the total turnover. This supports the conclusion that larger companies are also more likely to reach the highest absolute export value, which is in turn the ECP indicator at the result level communicated by CBI to MFA.

Another aspect is whether ECPs were offering the right kind of assistance for these companies to start exporting to Europe. Both survey and country case studies indicate that a lack of business contacts and a lack of market information were considered the most important reasons for not exporting or exporting more to Europe at the start of ECPs. Nevertheless, a large number of export obstacles that are less widely shared among companies remain, including, among other things, a general lack of organisational capacity, low European demand, EU import restrictions, unfavourable exchange rates, and not the right product in terms of quality or price. This indicates that there are many other reasons why companies were not exporting to the EU.[71]

69 Mean figures are always reported for ECPs.

70 If we look further into the distribution of turnover, as graphically illustrated, we can see that at the start of ECP the majority of the companies (75%) had revenue that lay between EUR 100,000 and EUR 10 million, while 13% reported an export turnover above EUR 10 million, and 12% below EUR 100,000.

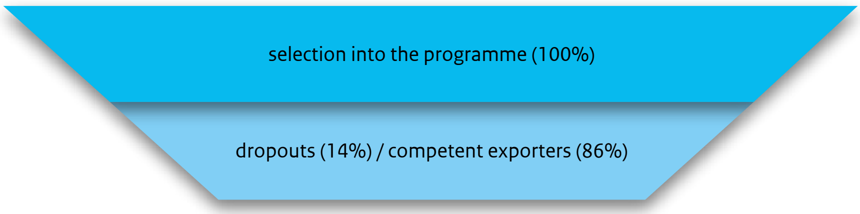
71 Although not further specified in the survey, the country case studies have given examples of 'other' reasons for not exporting more to Europe. An often-heard argument is a country's bad reputation (especially Colombia, India and Egypt) compared to other supplying nations. Companies appreciate the role CBI played in overcoming their reputation abroad, arranging their attendance at trade fairs in CBI pavillions, for example, instead of the home country, enabling them to avoid negative connotations. A decline in EU demand as a result of the economic crisis is not an argument that holds true for all products and services addressed by the ECPs (see, e.g. the South African country report in Annex 4).

Table 5	Main reason for limited exports to the EU (multiple response, N=131)
Reason	**Frequency**
Lack of business contacts	47
Lack of market information	36
Other	100
Total	**183**

Source: IOB, survey.

Beneficiaries may drop out of the programme intervention at various levels of the results chain, implying that the number that actually benefits will be smaller than the number that might potentially benefit. Of the 479 companies that were admitted to the thirteen ECPs, 69 beneficiaries (14%) left the programme prematurely.

Figure 6 *Programme leavers*



CBI has not recorded the reasons why companies drop out of the programme, which makes it difficult to systematically analyse their motivations for doing so. Apparently the reasons are related to the selection criteria that are often used: capabilities (underqualified or overqualified), resources, and motivation of the company management. The case study examples suggest that companies were distracted by better opportunities in the domestic market, which eroded their commitment to export, while others seemed to be hindered by a lack of resources (people and money).

4.3.3 Effectiveness in relieving export constraints (intermediate outcome)

The simplified theory of change assumes that initially any company could become a flourishing exporter, were it not that certain constraints might prohibit this from happening. It further assumes that if these constraints are (to some extent) reduced by ECPs or by other external or internal factors, the company has a higher probability of increasing its export turnover.

This section evaluates whether most of the mentioned export constraints were taken away during ECPs (Table 6) and to what extent ECPs contributed to this result.

Table 6	What was the most important problem at the start of the intervention solved at the end of the intervention? (N=99)			
Problem	**The problem is entirely solved**	**The problem is partly solved**	**The problem is not solved**	**Total**
Lack of business contacts	3	18	5	**26**
Lack of market information	6	15	0	**21**
Other	13	20	19	**52**
Total	**22**	**53**	**24**	**99**

Source: IOB, survey.

We conclude that in about a fifth of the cases, the most important export constraints faced by participants were entirely removed during the intervention, while in half of the cases the problems were partly solved. For a quarter of the ECP participants, the main export constraint remained. It is remarkable that in about a third of the cases the export problems did not fit into any category, as these in particular have not been solved since the intervention started.

An overall list of problems, and ECPs' contribution in solving these problems,[72] indicates that ECPs were particularly successful in overcoming the lack of market information. About a third of the companies report that their main problem was entirely solved by ECPs, while for half of them it was partly solved as a result of ECPs and partly for other reasons. This is also confirmed by the country case studies and regular CBI evaluations, where a large majority of the participants reported that they acquired more skills and knowledge on export marketing and development, a better general orientation of European markets, better knowledge of characteristics and trends in European markets, and were better prepared for market entry.[73] The examples show that companies made improvements, especially in terms of preparing the company and product presentation for trade fair participation.

'Market access' refers to problems encountered with tariff and non-tariff barriers, such as certification. This is mentioned as a barrier for a minor percentage of the companies interviewed. Remarkably, since promoting 'certification' is considered to be an important aspect of the intervention,[74] we conclude that ECPs have been instrumental in general but hardly helped ECP beneficiaries to obtain certification for their products or services.[75]

[72] The 75 companies who reported that their main export problems were entirely or partly solved were also asked whether this was because of ECPs or for other reasons.
[73] EIM, 2012.
[74] A separate 'certification module' has been launched as part of the new integrated approach, and was not offered as a separate module under the 'old style' programming.
[75] The contribution stories in the country reports often indicate that although it was the CBI expert that drove the decision to obtain certification, the companies themselves already applied for quotations before entering ECPs. In only one case is it clear that CBI shared the cost of obtaining certification.

Propensity to start exporting

Since, according to the theory of change, ECPs are directed both at incumbent exporters and companies that had no earlier export experience, we are paying special interest to first-time exporters.

Literature is not conclusive on the question whether promoting export helps firms to become exporters.[76] The evaluation of the Swiss Import Promotion Organisation (SIPPO) revealed that an estimated 5 out of 38 companies that started to export (of 76 targeted companies) could be referred to as first-time exporters because of the programme. According to the survey sample, the propensity to start exporting was 22% among beneficiaries, while a bit lower for non-beneficiaries (18%). This is caused by the share of companies that left the programme (drop-outs), 15% of which did not export previously. These figures suggest that both beneficiaries and non-beneficiaries do not differ significantly regarding the propensity to start exporting.

Effect on export diversification (destinations and product range)

If these export problems were solved, it would result in more customers and orders. Since the start of ECPs, 88% of the participants have found new importers that actually made an order. In the reference group, this was the case for two-third of the companies. According to a quarter of the participants this achievement was mainly the result of ECPs, while a third reported that this was partly the result of ECPs, but also partly for other reasons. A third of the participants reported that the new importers were found mainly as a result of other reasons. On average less than half of the new importers are based in the EU.

About 84% of ECP participants reported that they have exported to new countries since the start of ECPs. This was 73% among the reference group. A quarter of ECP companies reported that they entered these new countries mainly because of ECPs, while 40% reported that ECPs partly contributed. Including those companies that already had exported somewhat to the EU, regular programme evaluations by CBI indicate that about half of the companies surveyed had at least one new export market (country) in the EU.[77]

According to the intervention logic, developing countries' exports tend to concentrate on a few products, often commodities with fluctuating demand. This translates into high income instability, which in turn provokes high income volatility. The diversification of markets and product supply has the advantage of creating a more stable income inflow. Market development can also contribute to general export growth, and finally there are spillovers that benefit the larger economy as a result of having a more diversified production structure. About 75% of ECP participants diversified their product range after starting the ECP programme, which is a similar percentage to the reference group. 20% of the ECP companies reported that they diversified their product range mainly because of

[76] While Görg et al. (2008) and Bernard and Jensen (2004) find that there is no effect on the propensity to start exporting in, respectively, Ireland and the United States, Cruz (2014) finds that in the case of Brazil non-exporters are 130% more likely to export after receiving support. Schminke and Biesebroeck find a more modest effect in Belgium, where there is a 10% higher propensity to export.

[77] EIM, 2012, 2011.

ECPs, while 43% reported that ECPs partly contributed to diversification, and 33% reported that other reasons were mainly responsible.

Based on the above observations, we conclude that ECPs made a marginal to modest contribution to export diversification.

4.3.4 Effectiveness on export turnover (ultimate outcome)

In order to become a qualified 'competent exporter', CBI-assisted companies need to meet quality indicators at the result, effect, and impact levels. At the result level, the company indicates that its skills and knowledge have improved, and that it used its knowledge and insights of the EU market. The outcomes at the result level, as defined by CBI, will not be further discussed here.[78]

This section discusses the effect ECPs had on export turnover. At the effect and impact levels, CBI quality indicators verify that the company increased exports to the EU during the programme's duration, of which the total additional export turnover to the EU is referred to as the achieved impact.

According to CBI's project administration, 410 beneficiaries out of the the evaluated ECPs were reported as 'competent' exporters. However, CBI's project administration does not contain financial data for a substantial number of competent exporters (no EU export figure is reported for 17% of the beneficiaries, while the percentage for non-EU exports is 20%).[79] Moreover, in light of the criteria for success at the effect and impact levels described above, CBI seems to be applying these criteria inconsistently. Finally, the programme management data does not support the evidence for declaring these beneficiaries 'competent' exporters, nor the claim for financial settlement as a result.[80]

Apart from the 20% of companies with no declared exports, which are discussed above, CBI project administration indicates that for another 20% of the cases, beneficiaries did not achieve *additional*[81] exports at all.[82] At the other extreme, about 10% (predominantly larger) companies achieved additional exports to both EU and non-EU countries of more than EUR 1 million. The literature questions the additionality of the programme for large companies, since these companies are supposed to be self-sustainable due to lower unit market entry costs, for example, and larger sales volumes. When leaving out both extremes in the first and last rows of the table below (EU exports ≤ 0 and ≥ EUR 1 million) there remains a group

[78] Reference is made to the country reports.

[79] ECPs with the highest share of undeclared exports are (1043) 'Pipes and process equipment' (30% undeclared) and 'Office and school supplies' (32% undeclared).

[80] Delivering an 'X' number of competent exporters is the basis of the contractual agreement between CBI and MFA. The number of delivered companies forms the basis for financial settlement.

[81] The word 'additional' is emphasised, as our review indicates that in a large number of cases CBI experts have included figures on total exports (instead of additional, defined as in addition to a baseline export turnover figure for the company).

[82] The percentage is likely to be an underestimation, as the figure only reflects the companies for which financial data are available.

of 177 (50%) companies with declared export increases.[83] Interestingly, compared to middle-income countries, a large proportion of the companies from upper-middle-income countries failed to achieve any exports, or saw a decrease in exports. Moreover, the data suggest that a higher number of companies from middle-income countries did not achieve exports at all (not in table).

Table 7 EU and non-EU exports according to CBI database (N=339)

	Non-EU/EFTA export				Total
EU/EFTA export	**≤ EUR 0**	**EUR 1 - EUR 500,000**	**EUR 500,001 - EUR 1,000,000**	**≥ EUR 1,000,001**	**N**
≤ EUR 0	69	22	2	11	**104**
EUR 1 - EUR 250,000	19	69	8	14	**110**
EUR 250,001 - EUR 500,000	6	12	8	11	**37**
EUR 500,001 - EUR 1,000,000	5	9	3	13	**30**
≥ EUR 1,000,001	23	10	2	23	**58**
Total	**122**	**122**	**23**	**72**	**339**

Source: CBI project database (SAGE).

According to CBI, the 'additional' exports for all 339 beneficiary companies amount to EUR 290 million for EU exports and over EUR 700 million for non-EU exports, suggesting an internal rate of return (IRR) of over 40 times the invested ECP programme budget. Apart from the IRR definition used above, there is good reason not to base the IRR performance indicator on a comparison between programme expenditures and export turnover, and to use profits or added value instead.

Since the result indicator, as communicated with the client, mentions the average export turnover achieved by all companies in a given ECP, it is likely that outliers may drastically disturb the underlying picture.[84] In light of the fact that the distribution of export turnover within (and across) ECPs is imbalanced, a more appropriate measure of central tendency would have generated a more realistic picture of the programme results.

According to the country case studies, regular ECP evaluations, and surveys, which covered a longer time span than the usual one year following intervention, the increase in additional export turnover is modest,[85] whereas the distribution across participants is heavily

[83] When we express this as a percentage of all competent companies (including those for which no data have been included), the share drops to 43% (companies with a declared export increase).

[84] Table IV.8B, EIM 2011/12, provides a good illustration of the skewedness of export turnovers realised within ECPs.

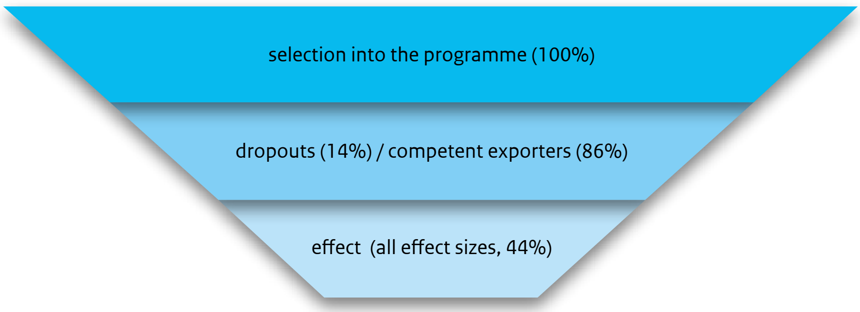
[85] See for example APE (2014), which concluded that for seven out of twenty-three firms that exported to Europe, the export value in 2013 was smaller than EUR 20,000. EIM (2012) concluded that most respondents of the survey already showed a high level of exports to the EU in 2006, and that additional growth of export to the EU and EFTA has been moderate.

imbalanced, i.e. a small number of companies in an ECP show high export increases, hence increasing the general average 'additional' export.

Of the forty-eight companies with complete financial data in the enterprise survey, ten beneficiaries experienced a decrease in export turnover, whereas eight companies maintained a status quo. Of the remaining companies, six reported an increase of over EUR 5 million, including two outliers that reported an increase of more than EUR 50 million in EU export turnover between the start of ECPs and the first quarter of 2013. The quite large concentration is notable, and resembles the findings in other evaluations, including SIPPO's, which found that ten out of thirty-three exporting companies achieved 70% of their overall turnover through exports, with four companies achieving a total of 40%.

The surveys and case studies suggest that 44% of the competent exporters[86] increased their exports, and the effects ranged from small to large (Figure 7).

Figure 7 *Beneficiaries with export effects (all effect sizes)*



86 21 out of 48 companies companies increased their exports. This equals 38% of those companies initially selected into the programme.

4.4 Programme contribution

Having determined the outcomes in terms of change in export turnover, the question remains which part of the achieved effects can be attributed to ECPs.

Box 4 *Assessing contribution*

A contribution score of '4' would typically refer to a case in which CBI helped the client to understand the EU market, creating awareness of the position of its product vis-à-vis the global supply on offer. As a consequence, the company would reposition its product or service, and eventually increase its exports, selling to clients met during ECP-supported market entry activities.

A contribution score of '3' would typically refer to a case in which CBI helped the client to understand EU market demands, creating awareness of the position of its product vis-à-vis its direct competitors. Nevertheless, the programme interventions could not remove major constraints faced by the company (e.g. certification) or constraints were removed by other factors, and the company would not benefit from ECP-supported market entry interventions (trade fairs, matchmaking).

A contribution score of '2' would typically be given to a case in which CBI accelerated a development path that was already initiated before entering the ECP programme, but where exports were increased despite ECP intervention. For instance, this is the situation for a company where an already experienced manager took the opportunity to develop or further develop an innovative product (on his or her own behalf), already having a good impression of customer needs and preferences, and already having a good understanding of global competition.

A contribution score of '1' would typically refer to a case in which CBI has opened the eyes of the company, but also made the company realise that it is not ready to export yet. Additional exports to non-EU areas were partially caused by increased market knowledge obtained at the trade fair and EXPRO, but entry into these non-EU markets were the company's own efforts.

Source: IOB.

A total of sixty-two companies (fifty-five competent exporters and seven drop-outs)[87] were interviewed during the case studies in Colombia, Egypt, India, and South Africa. The contribution of ECPs was assessed for each of the companies according to the methodology described (Table 8).[88] Each company was given a contribution score in the country case studies, and a contribution narrative was developed for each of the beneficiaries with export effects to the EU and non-EU.

Table 8	Size effect and contribution of the effect for EU and non-EU (N=62)		
Size effect	**...of total**	**...of which EU effect size due to programme = substantial**	**...of which non-EU effect size due to programme = substantial**
Large	10	6	5
Moderate	14	2	5
None/weak	31	0	0
Drop-out	7	0	0
Total	**62**	**8**	**10**

Source: IOB, country case studies.

A moderate to large effect was realised by about 40% of the companies interviewed, which is comparable to the survey results. 50% of the companies interviewed either realised no effect or a weak effect, and over 10% of the companies interviewed dropped out of the programme. When combining these effect sizes with the assessed contribution by the programme, as described above, a small share of the beneficiaries had a substantial contribution in combination with a large effect size.[89] The intended effect with regard to EU exports for the beneficiaries interviewed hovers around 13-15%.[90] For exports to the non-EU area, the effect seems to be slightly higher.

In the survey, ECP beneficiaries[91] were asked to what extent they attributed a growth in export turnover to ECPs (Table 9). We can see that 60% either did not achieve a growth in export turnover or could not give an answer. Of all beneficiaries, some 20% perceived the contribution by ECPs as considerable, or even higher.

87 This is a representative sample at the 95% confidence level.

88 For detailed contribution narratives and background information on the findings, reference is made to the country case studies.

89 Large is defined as ≥ EUR 145,000 additional export turnover since the start of the intervention.

90 15% when expressed in terms of total delivered companies, or competent exporters.

91 There is little overlap between beneficiaries interviewed during case studies and the ones that responded to the telephone survey.

Table 9	The extent to which participants attribute the growth in turnover to the ECP
Extent	**Frequency**
Not at all (0%)	2
Just a bit (1-30%)	14
Considerably (31-60%)	17
To a large extent (61-90%)	5
Almost entirely (>90%)	2
Don't know/no increase	69
Total	**109**

Source: IOB, survey.

Asking a question such as the one above necessarily means that the answer will be based on the self-perception of the beneficiary. This perception can be biased as a result of the companies' experiences or expectations of the results the programme should have produced, and whether or not these results met expectations. When controlling for the beneficiary's export experience to the EU, a more nuanced picture emerges. Companies that express the highest contribution by the programme are the ones with no export experience to the EU, whereas those beneficiaries with experience are more reserved about the programme's contribution. This seems to be logical, as the more experienced companies might have higher expectations, as compared to their colleagues who never exported before. 25% of the companies without former EU export experience consider ECPs to have contributed to a large extent or even entirely, as compared to 11% of the companies that had previous export experience.

Consequently, following the reasoning of establishing impact by CBI, the contributed additional export turnover is confronted with the expenses. The ECP quality indicator 'total realised export to the EU markets' scores sufficiently if the total value of the achieved additional export is at least the same or more than the planned export. The standard for the planned export is 2.5 times the planned CBI investment. The export turnover is measured from the start of CBI intervention until one year after completion of the programme.[92] The IRR, based on average expenses per company and total additional exports, delivers the following distribution of companies by number by ECP and is highly concentrated at a limited number of companies (Table 10).

[92] CBI theory of change and indicators for IOB evaluation, February 2014.

Table 10	Internal Rate of Return: count of beneficiary across ECPs (N=88)		
Export Coaching Programme	**Attributed IRR ≥ 2.5**		**Total**
	No	**Yes**	
Engineering products	2	2	**4**
Food ingredients	5	3	**8**
Home decoration accessories and gifts	11	1	**12**
ITO services	6	0	**6**
Medical devices and laboratory equipment	6	2	**8**
Mobile equipment parts	3	1	**4**
Office and school supplies	8	2	**10**
Macedonia outerwear	6	1	**7**
Personal protective equipment	7	0	**7**
Pharmaceutical products	3	2	**5**
Pipes and process equipment	11	2	**13**
Subcontracting casting and forgings	4	0	**4**
Total	**72**	**16**	**88**

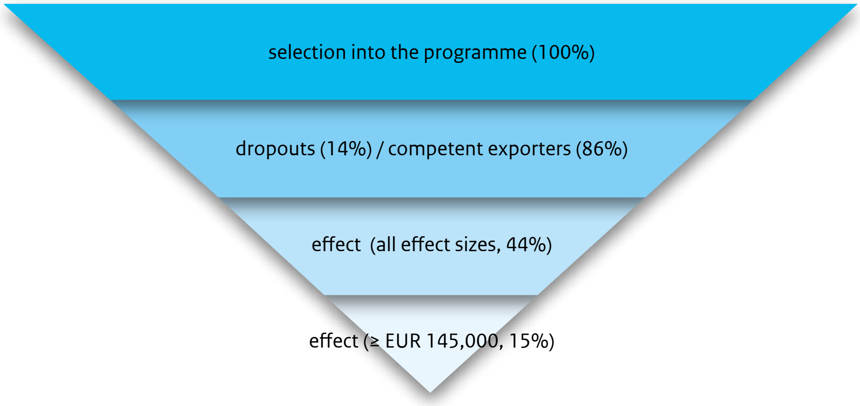
Source: IOB survey, financial data CBI.

According to the classification in the table, the intended effect, defined an IRR of 2.5 or higher, was achieved for 16 of the 88 beneficiaries (15%).[93] This confirms the findings from the country case studies that only a small number of companies benefited from the intervention.[94]

93 Corrected for companies that dropped out the programme, the confidence interval hovers between 10-20%, with a standard error of 0.04.

94 ECPs with the relatively highest number of companies with a positive IRR are in 'Food ingredients', and 'Engineering products and 'Pharmaceutical products'. Relatively more companies with a positive IRR can be also be found in the 'Medical devices and laboratory equipment' and 'Pipes and process equipment' ECPs, though one has to realise that the products in this sector are more capital intensive, which makes it easier to surpass the IRR threshold.

Figure 8 *Beneficiaries with contributed effects at ultimate outcome level*



4.5 Developmental relevance

Now that we know to what extent ECPs helped to increase the assisted companies' export turnover, we need to try to assess the impact of the ECPs on sustainable economic development. For the sake of simplicity, we define sustainable development as a combination of economic growth and the creation of jobs. The gross domestic product (GDP) can be defined as the sum of consumption, investment, government expenditure and net exports. This implies that only the percentage of additional export turnover, the value of which is added to the national economy, increases GDP. The effects of the increase of exports on economic growth will increase more if there is little substitution and more value is added domestically.

In addition to the effects on economic growth, the effects of ECPs on employment creation were assessed as well by conducting a contribution analysis as specified in the previous section.

The above-mentioned illustrates that sustainability can be looked at from different perspectives, ranging from macro-socio-economic via economic sub-sectors (meso-level), to the individual company at the micro-level. Since ECP interventions are globally dispersed, with on average fifteen companies assisted per country in the framework of the thirteen ECPs under review, one could state that already from the outset there has been an inherent risk of the portfolio becoming too diffuse. Therefore, it would be going too far to claim that these interventions would have had a noticeable effect at the meso level, let alone at the macro-socio-economic level.

In other words, given the setup of the programme and the means spent, it would have been unrealistic to expect the intervention to contribute to sustainable economic development from the outset.[95] For this reason, in this section we prefer to focus on the company (micro) level, since this is what the interventions address.

4.5.1 Sustainability of exports

With a better understanding of the programme's effect, one must pose the following important question: to what extent did the benefits (in terms of exports) continue after CBI's interventions ended?

When looking at outcomes at the intermediate level, regular CBI evaluations state that participants indicated that they gained more skills and knowledge with regard to export marketing and development, better general orientation on European markets, better knowledge of characteristics and trends in European markets, and were better prepared for market entry.

At the ultimate outcome level, CBI does not keep track of the continuity of export relations that were generated by the programme. Therefore, no insights can be gained about the sustainability of the intervention from the programme administration.

The regular programme evaluations on behalf of CBI are not able to look beyond one year following completion of the intervention. A sample comment in one of the ECP evaluation reports is that 'at the time of the evaluation, there is not sufficient information to assess to what extent the achievements are sustainable. Many companies seem to have started to establish ongoing relations with EU companies, which is a good starting point for sustainable export relations. But the companies have not yet been able to enlarge the scale of their business with the EU. There is no information about the extent to which programme participants have shared their knowledge within their company'.[96]

Nor is there much evidence from the literature about the sustainability of the effects of export promotion.[97] A recent communication by ITC–WTO provides some specific insights into this topic in low-income countries – countries where CBI has been hardly active. 'SMEs with greater "internationalisation" tend to report higher turnover and growth and are more productive than their counterparts. But in low-income countries, 7 out of every 10 new export relationships fail within two years. Only a minority of SMEs manage to sustain adequate growth patterns for a significant period of time. The SME sector is characterised by a high level of 'churn' of exit and re-entry'.[98]

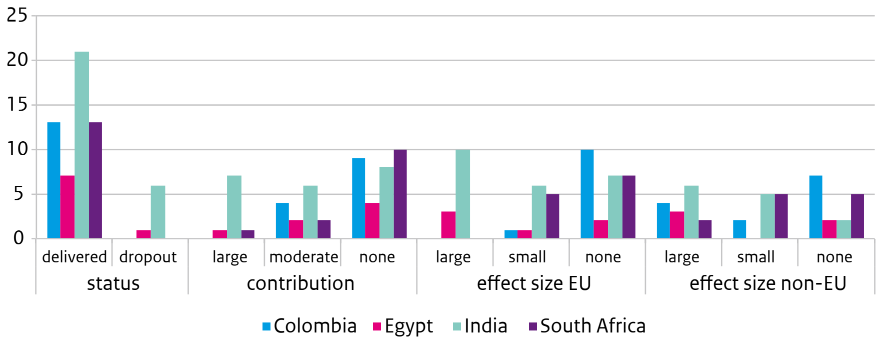
95 See also the recent advice by the Dutch Advisory Council on International Affairs '*Ongelijke werelden, armoede, groei, ongelijkheid, en de rol van internationale samenwerking*', which states that 'Some parts of the Dutch private sector/business development programme, which are now settled on a project basis for their impact on poverty, could be made clearer in their entirety on the poorest groups and regions.' AIV, 2012.

96 Ecorys, 2011.

97 Cadott et al. (2012) forms a notable exception, and finds for an export matching grant in Tunisia that the increase in the export growth rate is only significant for one year following the intervention. Moreover, even export levels are no longer significantly different from similar companies that did not receive support three years following the support.

98 ITC–WTO, 2014.

Figure 9 *Effects on case study companies (N= 62)*



Source: IOB, country case studies.

We found that positive indications for sustainability increase export volumes and export shares of total sales over time. Negative indications for sustainability are irregular export turnovers, or even one-time exports, companies continuously facing cash-flow problems, and companies that do not seem to be fully committed to export, for instance because they are too occupied serving the domestic market.

The South African and Colombian case studies indicate temporary export increases for most of the assisted companies. Although one should be careful interpreting this, as the backdrop in export turnover by comparable non-assisted companies could have been even higher, it is clear that export turnover has been irregular. CBI reported that EU exports by Colombian companies should be qualified as temporary one-off sales during trade fairs, since none of the assisted companies continued exporting to the EU.[99]

A small number of Egyptian companies increased EU sales, while the intervention was only deemed to have made a contribution by one of these companies. For companies that felt CBI made less of a contribution (or none yet), the effect of participation tapered off rapidly following the programme. In India, more than half of the beneficiary companies were found to be on the path to sustainability.

One way of looking at sustainability is to review whether relations between exporters and importers continued after the intervention ended. Although non-beneficiaries obviously did not get the intervention, they were also asked to provide their insight into the stability and continuity of their business contacts (Table 11).

[99] Only one company did have a significant contract with a Swiss firm during the CBI programme (and was therefore considered a showcase for CBI in Colombia), but these exports were actually unrelated to the CBI programme (contacts and negotiations predate the ECP) and the contract has ended by now.

The figures indicate that a larger share of the non-beneficiaries were still in contact with all the new importers that were met during the period of intervention. About half of beneficiaries are still in business contact with some of the newly acquired importers during the intervention.

Table 11	Did you sell anything to new importers between the start and the end of the intervention? (N= 132)		
	Non-beneficiary	ECP participant	Dropped out/rejected
Yes, to all	12	36	4
Yes, to some	4	50	3
No	4	18	1
Total	**20**	**104**	**8**

Source: IOB, survey.

One of the regular CBI evaluations indicates that only a minority (4%) of the beneficiaries thinks that their current network is completely adequate and 64% thinks that their network is somewhat adequate. The remaining respondents (32%) find that their current network of importers is inadequate.[100]

4.5.2 Added value

In order to have an impact on national development indicators, development should aim to reduce the share of low value-added commodity exports. According to the survey, on average exporters import one fifth of the inputs they use to produce their export goods. This means that the amount of value added domestically, which directly contributes to economic growth, is estimated at around 80%. Note, however, that this is an upper bound of the actual value added domestically, as goods higher in the value chain might have been imported by domestic suppliers of the inputs.

This figure is in line with data obtained in South Africa, where it was found that for eleven supported companies, 75% or more of the value is added in the country. Low added-value scores were explained by the fact that the company outsourced the production to an EU manufacturer, while in the other cases the cost price was mainly determined by expensive semi-finished products imported from abroad. The average scores confirm that added value in the service sector is high, compared to manufacturing, for example. It should be noted, however, that the added value strongly depends on the type of products: some products require a larger share of foreign input than others.

[100] APE, 2014.

4.5.3 Substitution

If a CBI client gets an order that would otherwise be fulfilled by a company from the same country or by a company from another developing country, the net developmental effect is limited. CBI is aware of possible substitution effects. A feasibility study of a new intended ECP deals with this aspect by looking at the size of the programme, for example, and no new ECPs are organised in the same sector if the market appears to be tight.

Sixteen importers that did business with ECP participants were asked with whom they did business before getting into contact with the CBI client. Notwithstanding the fact that the number of observations was fairly small, the multiple response outcomes indicate that the goods or services now bought from ECP participants were previously bought from exporters in the same countries in a quarter of the cases, or from exporters in other developing countries in almost half of the cases. In such a situation, one may conclude that one developing country exporter is substituted for another, implying hardly any developmental impact at all. In almost half of the cases, it was also indicated that goods were previously bought from developed countries.[101]

Another aspect of substitution refers to the geographical distribution of exports. An increased focus on exports to the EU can be detrimental for exports elsewhere, as has been shown in the case of the 'Pipes and process equipment' ECP. A comparison of the development in export volumes to the EU and non-EU areas reveals that the size of the pie did not get any bigger for the companies enrolled in that programme, even if the European slice increased substantially.[102] Many other events may have influenced these results, such as market developments in and outside the European market. But it raises the question whether the increase in exports to Europe was achieved at the expense of exports to other parts of the world.[103]

Another aspect is that of institutional substitution, which is caused by a lack of donor coordination. As was indicated in the Colombian case study, there are other international organisations that promote exports from Colombia. The EU and USAID work on business competitiveness in general, and the EU and the Swiss development cooperation SECO have programmes to improve the business environment in Colombia, for example by strengthening the government's systems for quality control or export registrations. Countries such as South Korea (KOTRA), Germany (German Chamber of Commerce) and Japan (JETRO) focus on the import of specific products intended for their countries, but with SIPPO, Switzerland has a programme similar to CBI. This has led to situations in which CBI and SIPPO interventions overlapped, though both organisations agreed later on to avoid such duplication.[104]

101 As the question had multiple responses, the percentages add up to more than 100%.
102 APE, 2014.
103 This phenomenon is not exclusively related to the ECP mentioned, but also comes back in the contribution stories of other beneficiaries, having not been active in this specific ECP and showing comparable trade-off effects.
104 In the ECP 'Macedonia Outerwear', both SIPPO and CBI cooperated by organising a combined buyer mission and several training sessions together with USAID.

4.5.4 Employment

One of the quality indicators that gauges the effect and impact of ECPs is the number of additional jobs created within the company measured one year after completion of the programme. The indicator is sufficient if the number of jobs has increased.

Almost 90% of the beneficiaries reported some type of effect on employment, which is confirmed by survey results from regular CBI evaluations. However, when we control for ECP contribution in export increases, a different picture emerges. Of the companies that indicate that ECPs contributed to a considerable or large extent to increased exports, ECP led to increased employment in the form of full-time jobs in 15% of cases. Some reported increases in part-time jobs (9%), outsourced jobs (11%), and better working conditions (17%) (Table 12).

Table 12 Effect of ECPs on employment (N= 318)

	Effect	Attributed to ECP (%)
More full-time jobs	53%	15%
More seasonal/part-time jobs	31%	9%
More outsourced jobs in own country	46%	11%
Better working conditions/other benefits	68%	17%
Other improvements	70%	12%
No improvements	9%	0%
Don't know	4%	0%

Source: IOB, survey.

We briefly examined the effects on employment as reported by CBI and in the regular ECP evaluations, since these are communicated with the client as a result indicator.[105] Our evaluation did not find evidence to underwrite CBI reporting, which suggests large job increases (Annex 11) instead. A closer look shows that the total of reported numbers is overestimated by more than 50%.

Reasons for not achieving an effect on employment

The survey and country case studies indicated that the dominant size class of assisted companies is micro or small. According to CBI/SAGE project administration data, the share of large companies that were assisted is apparently somewhat higher (Table 13).

105 The employment figures are also openly communicated, such as in the recent debate on the budget 2015.

Table 13	Company size–class distribution according to survey, case studies and CBI project administration		
Size-class	**Survey (N=126)**	**Case studies (N=62)**	**CBI/SAGE (N=479)**
Micro	15%	15%	12%
Small	37%	43%	33%
Medium	41%	30%	41%
Large	7%	11%	14%

Sources: IOB, CBI/SAGE.

Since large firms tend to be engines of job creation, it is not surprising that only a small number of jobs were created.[106] According to the case study data, more than half of the medium-sized companies experienced an increase in employment development, whereas about half of the companies in the other size classes witnessed that kind of positive trend. Assisted companies with the highest contribution score are more likely to see their employment increase, indicating a positive association between contribution score and employment development. The South African case study showed that companies in the service and home decoration sectors employ a large share of the total staff on a temporary basis (e.g. freelance, home producers), creating a flexible base for their operations.

Three micro-companies were assisted, which should be considered as inventing and design houses, that outsourced the complete manufacturing process. Supply chain spillovers, in terms of employment, are not known for these companies. What is known is that these employment effects (to a smaller or larger extent, depending on the company) take place outside the country.

The Indian case study revealed that most companies employed fewer than 100 workers, both before and after the intervention. The reason why entrepreneurs do not officially hire more than 100 employees seems to be the result of Indian labour laws that restrict retrenchment to this number of workers. This could dampen the increase in employment when the company might be considering to increase the size of the workforce to the extent that demand is perceived to be stable.

[106] This fact should not be taken to imply that CBI should concentrate on larger companies, since the contribution of the programme in especially these companies is modest. On the other hand, assisting more SMEs could also contribute to more job creation.

4.6 Explanations

In search for an explanation for why the intended effect was achieved only for a small share of beneficiaries, and not for the remaining 80% of the companies that entered the programme, we can look for answers at the macro, meso, and micro levels.

Since potential reasons at the macro and meso levels have already been discussed (Section 3.2), we would rather focus in this section on the micro level, since this is what ECP interventions address. We will look at both the explanations from the perspective of programme intake, selection, and implementation, on the one hand (Section 4.6.1), and company internal issues, on the other hand (Section 4.6.2).

4.6.1 Programme implementation and company selection

Apparently, since the intended effect was achieved only for a limited number of companies, we must ask what can be said about the type of companies that benefited most. Since we do not want the answer to be biased by the self-perception of the beneficiary, we use the company audit assessments provided by CBI experts as a more neutral source of information.

CBI does not use diagnostic tools for company selection apart from an initial audit. Clear procedures for identifying and selecting companies are absent, although officially a company has to comply with a range of selection criteria in order to qualify for participation.[107] This means selection depends strongly on the subjective opinion of CBI's product consultants, who play a dominant role in the selection process.

In order to join an ECP, a company needs to apply. Potential participants of ECPs are identified and invited to participate, in cooperation with CBI network partners in the respective country and sector. With the help of a CBI sector expert, the CBI programme manager pre-selects companies that meet the selection criteria and are eligible for participation based on the information provided on the application forms.[108]

Once a company is pre-selected, CBI sector experts will carry out an export audit, evaluating factors deemed crucial to export success such as: production facilities and capacity; price; marketing and management skills; product features and packaging; certification; quality and safety; labour conditions; and compliance with consumer health regulations and

[107] These selection criteria are: the company is at least 51% locally owned, or by owners or co-owners who reside in another developing country (excluding developing countries characterised as UMIC or higher); it has 25 to 500 employees; it is no joint venture with a company based in a country with a classification of UMIC or higher; compliance or the willingness to comply with EU market requirements; no licensing commitments that prohibit or limit export possibilities of products to the EU; competitive prices and sufficient production capacity; a management which is able to communicate in English; the willingness and capacity to invest in adaptations of, for instance, product assortment and production processes, if and as required by the European market.

[108] CBI theory of change and indicators for IOB evaluation, February 2014.

corporate social responsibility.[109] The export audit leads to an action plan, suggesting areas of improvement, required measures, and (business development) deadlines.

Comparing the average audit scores for both beneficiary groups, i.e. with and without the intended effect for EU as well as non-EU exports, clearly shows that these scores differ in terms of statistical significance. Beneficiaries with the intended effect have particularly higher average audit scores in the following aspects:

- management skills rating;
- production process and ICT rating; company website rating;
- sales history rating; profit rating;
- export performance rating; export skills rating; export experience rating;
- export packaging rating; and
- order/quantity rating; delivery times rating; functionality rating;

The above-mentioned aspects boil down to a company's export experience, a conclusion which is also supported by the fact that the export share of total company turnover of companies with lower audit scores is also lower than that of companies with higher audit scores, but this difference is not statistically significant. An example with explanatory comments on 'Export skills rating' made by CBI experts can be found below (Box 5).

Interestingly, the average audit scores suggest that differences in the following aspects are less of an issue when comparing beneficiaries with and without the intended programme effect: price; quality; product range; cost price calculation; effectiveness of communication; trade offer; organisational structure rating; financial situation rating; access to credit rating; quality control and procedures rating.

[109] The project management information received from CBI provides the audit scores per company, based on the clusters mentioned, that are divided into more than 50 aspects. The data file received from CBI shows that these audit scores have not been consistently administrated by the experts. Moreover, the scores show that these have not been harmonised among the individual experts, as indicated by consistent outliers on all aspects by these experts.

Box 5 *Sample comments on export skills ratings by CBI experts*

Companies *with* intended effect:

- all master both German and English | 650 people employed in factory, 550 of which in production
- no problems at all
- mr. X speaks English very well and is well informed about the market
- two people involved in marketing and export | English language
- people involved in marketing and export | all of them speak English
- good general manager, speaks very good English, UK education
- they have an excellent dedicated team
- well equipped to allow further growth of exports
- 21+ years in export, three people involved
- sixteen, English spoken!
- two people involved, full time
- four people involved in marketing and export | all of them speak English
- four people in export out of 10 people in sales and marketing | all in export speak English

Companies *without* intended effect:

- an experienced sales and marketing team for the local market is available and is capable to further develop an export strategy | start to gather information in the CBI surveys; see www.cbi.eu and continue to look for potential customers and competitors and develop a good understanding of European product assortments | continue to search!
- mr. X is working on his English
- search with the help of mr. X for sales people, initially for domestic and regional markets
- little English or other languages
- the relatively large turnover of export staff might indicate that too much time is being spent on internal administration and too little time on market research
- mrs X. speaks English and knows Italian due to colleague with whom she still works on ideas and on fabric buying

Source: CBI/HBAT.

What this tells us is that companies with the highest audit scores seem to benefit most from the programme.[110] But at the same time, it also raises the question about the target group for which ECPs can have the most added value. In other words, the additionality of the programme could be at stake here. As was concluded in the literature review, the group of companies for which export promotion seems to be most effective are generally those with little export experience (Martincus and Carballo, 2010b; Schminke and Van Biesebroeck, 2013). Intuitively this seems logical, as these companies have the most to learn about exporting. Moreover, the companies that seem to benefit most are mid-sized companies (Martincus et al., 2012) that have sufficient capacity to fully use governmental support, but just not enough to overcome market entry barriers on their own.

From the perspective of programme implementation, we must then ask what kind of treatment both of the company groups received.

The ECP intervention is subdivided into a number of sub-treatments (or modules): audit;[111] capacity building (technical assistance missions;[112] distance guidance[113] and EXPRO[114]); market access (trade fair participation;[115] buyer mission/showroom[116] and consolidation[117]).

According to the modules registered in CBI's database (SAGE), companies with the intended effect, i.e. those with the highest audit scores, received significantly more market access (trade fair participation) and consolidation. On average companies with the intended effect received distance guidance 3 times, as compared to 1.8 for the other group. They also received trade fair participation on average 2.5 times and consolidation 2.1 times, as compared to 1.8 and 1.7 respectively for the companies without the intended effect.

110 The reason why some of the companies benefited more than others could also partly be explained by reverse causality. This does not seem to be likely though, since we were able to control for audit scores at programme entry. Also, both company groups do not differ significantly on the distribution of achieved export turnover.

111 One day assessment of a company on more than 50 different aspects.

112 Although there are differences between experts and ECPs, the general picture is that companies are visited once (maybe twice) a year during the multiannual intervention.

113 Intermittent guidance by the CBI expert.

114 One-week training in the Netherlands for one company employee. This will familiarise them with the European market and equip them with practical skills on export marketing, export management and promotion in their sector in Europe. By the end of the seminar, they will have developed their own export marketing plan for the European market, for which they will receive (individual) counselling.

115 Up to three trade fair participations organised and financed by CBI. For the second and third fairs, participants are required to contribute to the costs for stand space and stand construction of respectively EUR 2,500 and EUR 3,500 (depending on the fair's m^2 price, for example).

116 Only implemented in ECP 1035 'Macedonia Outerware'.

117 Following B2B activities and trade fairs, the CBI expert will help consolidate, solidify and expand the business contacts.

It suggests that the group of companies to which ECPs contributed the least received the most intensive (and expensive)[118] treatment. Whereas companies with lower audit scores received less capacity building (TAM and distance guidance), which intuitively goes against the 'Working Instruction for Implementing ECP modules' (see Annex 6).

Based on the distribution of audit scores, we subdivided the beneficiary companies into three new groups (average audit score per cluster[119] in brackets): 'overqualified' (3.4), 'target audience' (2.58), and 'underqualified' (1.95). Or rephrased in other terminology,[120] within the heterogeneous ECP population one could discern the following groups: (1) 'last milers', who are self-supporting; (2) advanced companies already engaged in export activities, who ECP could assist by accelerating exports; and (3) companies with support needs stretching beyond the 'last mile'.

Table 14 Intended effect by target group (N= 59)

Intended effect?	Overqualified	Target group	Underqualified
No	8	26	13
Yes	5	7	0
Total	**13**	**33**	**13**

Source: IOB, survey.

Cross tabulation, combining the distribution scores with the assessment of whether the intended effect has been achieved, essentially shows that a relatively large share of companies qualified as 'overqualified' achieved the intended effect (40%), whereas this was only true of about one fifth of the companies defined as the 'target group'. Hence a large potential remains unexploited.[121] As expected, neither of the underqualified companies achieved the intended effect. The outcome underlines the finding that the investment of scarce resources was not optimally directed at the group of companies most in need of it.

Crossing the data with company size class confirms the conclusion from the literature review that overqualified companies are often also the larger companies, whereas micro-sized companies tend to be overrepresented in the underqualified group.

[118] Price of export capacity development (module E) amounts to EUR 26,000; market access (module H) EUR 43,000.

[119] Scores rank from 0 (worst) to 4 (best). Only companies with an average score of 1 on critical aspects are eligible.

[120] Terminology based on COMO Consulting, 2011.

[121] Well-targeted beneficiaries are predominantly in the following ECPs: 'Food ingredients' (1037), 'Personal protective equipment' (1038), and 'Pipes and process equipment' (1043). It seems that overqualified companies were selected in the 'Pharmaceutical products' (1043) and 'Medical devices and laboratory equipment' (1030) ECPs.

When looking at the companies' export experience, we find that 60% of the overqualified companies had never exported to the EU before (though they did to non-EU destinations), whereas more than 70% of the underqualified companies had already exported to the EU. Indeed, company selection was flawed in two fundamental ways:

- First, overqualified companies with no experience in the EU, but some experience in non-EU areas, are considered qualified and motivated to start exporting to the EU.
- Second, companies that are essentially not ready to export (underqualified), but which proved capable of occasionally exporting to the EU in the past, are taken up into the programme on the assumption that they will be able to start exporting on a more structural basis.

The fact that hardly any ECP beneficiaries are to be found in lower-income countries, reflects the perceived risk of ending up with an underqualified company. Target companies seem difficult to find in these countries. The majority of the defined 'target group' companies come predominantly from lower-middle-income countries, where additionality and attribution seem to be the highest.

The outcome of the analysis reflects the deliberately diverse selection of weaker and stronger companies into ECPs ('healthy mix'), in line with CBI's assumption that the stronger companies will serve as a benchmark for the less strong ones. In addition, companies from countries with a weaker supplier profile or image could benefit from improved visibility and the reputation of stronger countries in the programme, for example during a collective exhibition. CBI's assumptions underlying the 'healthy mix' seem to be at least partly invalidated by the analysis.[122]

As some external experts remarked, the selection process could benefit from cooperating with local organisations, in order to broaden the base for company selection and thus increase the quality of the intake. Since this basis has obviously been too small in some cases, requirements were dropped, thus making it difficult to execute the programme as intended.

4.6.2 Internal company reasons

The following internal preconditions are necessary for a company to export: (1) willingness and motivation, and (2) being ready to export. ECP interventions focus on the latter: getting companies ready to export.

According to the country case study results, half of the ECP participants achieved either a minor effect or none at all. There are several reasons why the intended effect was not achieved (Table 15). In about eight out of thirty-one of the cases the intended effect was not achieved due to a mismatch between the product and the intended export market,

[122] Since companies in ECPs will only meet sporadically during the intervention period (EXPRO and at trade fairs), and no such counselling between firms is organised as part of the intervention, it is also less likely for the expected effect to actually occur.

under-qualification, and not being ready to export. In another seven cases the motivation seemed to be a hindering factor, while other companies became distracted because of increased sales opportunities in the domestic or other markets.

Since motivation is a serious factor, the selection procedure should attempt to understand these soft skills better. In another fifth of the cases, companies were overqualified, such as in Egypt, for example, where companies that were already competent exporters before the programme started were included in the programmes. In such cases, the companies were often disillusioned when the programme failed to live up to their expectations in terms services, which were not delivered, or because the company was still too far from being ready to export to Europe (e.g. because the company's product did not meet the requirements of the European market). In these cases, the ECP was of limited added value.

Table 15 Reasons for not achieving the intended effect (N= 31)

Reason	Beneficiaries (case studies)
Mismatch between offer and demand (product not suitable/ not competitive/company not export ready or underqualified)	8
Motivation/domestic orientation/distracted	7
Overqualified	6
Lack of finance/production capacity	3
Intervention not relevant	2
ECP premature cancelled	2
Unknown	3
Total	**31**

Source: IOB, country case studies.

An examination of the initial audit scores of the case study companies reveals the following picture (Table 16). The distribution scores confirm the idea that CBI has been focusing on picking winners. More than half of the companies with an audit score higher than three could be labelled as 'overqualified'.[123]

Table 16 Company selection in case studies (N= 62)

Audit score at intake	Beneficiaries
1-2	2
2-3	12
3-4	18
Unknown	30
Total	**62**

Source: IOB, country case studies.

[123] Out of the group with an audit score ≥ 3, 40% had a score ≥ 3.5, i.e. 21% of the total intake.

4.7 Findings

- ECPs have been particularly successful in overcoming the lack of market information. The large proportion of other problems that remained unsolved, thus preventing companies from exporting, is striking.
- Almost half of the companies actually used support services from organisations other than CBI, and half of those evaluated the quality of these local services as equal to or even higher than CBI's services.
- The sample data suggest that beneficiaries and non-beneficiaries do not differ significantly when it comes to diversification of exports (products and markets) and employment creation.
- Increases in export turnover are modest for the majority of beneficiaries. The dominant share of additional exports is achieved by a small number of larger companies.
- About 44% of the competent exporters for which export figures are declared achieved an increase in export. About 15% of the competent exporters increased exports substantially (≥ EUR 145,000).
- CBI selects a 'healthy mix' of both stronger and weaker companies for the programme, assuming that weaker companies will benefit from the mix. The analysis does not support this assumption. Companies that benefited the least from ECPs received the most intensive (and expensive) treatment, while other companies received fewer of the needed interventions.
- The majority of companies that benefited from CBI's support come predominantly from lower-middle-income countries.
- CBI's programme administration and programme evaluations do not give insight in the sustainability of results. The results, if any, are often temporary. Nor is there much evidence from the literature for the sustainability of the effects of promoting export.
- The proclaimed employment effects as communicated to MFA are severely overstated.
- There are indications of substitution effects, in terms of replacing a developing country exporter for another, implying limited developmental impact at the meso/macro level.

5 CBI’s efficiency

5.1 Introduction

This chapter discusses the efficiency of export coaching programmes, both from an organisational perspective (Section 5.2) and at the programme level (Section 5.3). The results of an external (organisational) benchmark are reported in Section 5.4.

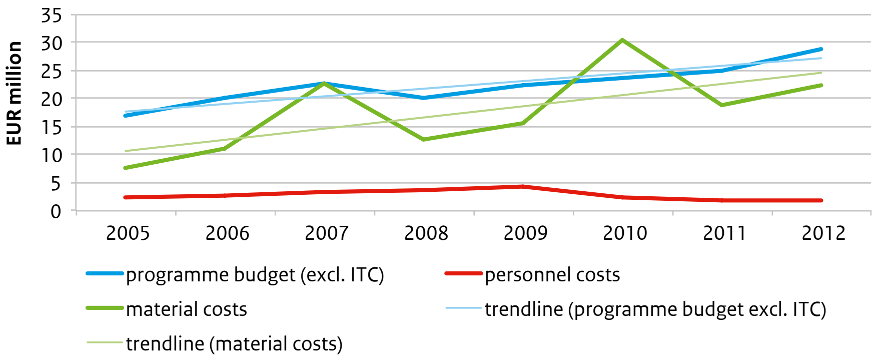
5.2 Organisational efficiency

Efficiency is a measurable concept, determined by the ratio of output to input. In order to address the efficiency question, it is necessary to understand the development of the programme budget and the cost drivers in the evaluation period (sub-section 5.2.1). When CBI turned into an agency, it introduced a cost and expense organisational model that presumes the handling of a full cost accounting model. An understanding of the development of cost prices resulting from the cost accounting model is instrumental in order to gain insight into the efficiency of the organisation (sub-section 5.2.2).

5.2.1 Budget and cost drivers

The development of the main cost drivers, i.e. material and personnel, had to be in line with the development of the programme budget received from MFA.

Figure 10 *Development cost drivers and programme budget (2005-2009)*



The total costs of personnel increased until 2009, as can be seen from Figure 10, which describes the development of the development costs and programme budget between 2005 and 2009. With the introduction of the new cost accounting model, all direct personnel costs were attributed to the specific products/modules, and became part of the 'material costs'.[124] (After 2009, personnel costs only included personnel costs that cannot be attributed to a specific product (module), i.e. overhead.) Two trendlines are included in

[124] The term 'material costs' includes more than costs of housing, office supplies and the like. It includes all costs that can be directly attributed to a product module.

the figure, representing the rate of increase in the programme budget and material costs. A comparison of the slopes of both trendlines makes it clear that the cost of running the programmes have been increasing at a faster pace than the programme budget itself.[125] This is an indication that the organisation did not become more efficient over time.

5.2.2 Full cost model

Effectiveness and measurability within a cost and expense organisational model requires the handling of a full cost model, in which the costs ideally should be based on a good understanding of the contribution of each of the cost drivers in the production (see Figure 11). The model is based on the presence, among other things, of homogeneous measurable products and/or services and presumes efficient monitoring using indicators. Insight into the relative efficiency of the implementation can be gained by comparing calculated production costs with costs from previous years or the cost of a product or service from other organisations. For this, it is necessary to relate the relevant costs of a service to its performance. Moreover, in order to improve efficiency, it is necessary to have a multi-annual insight into performance indicators in terms of quality and cost. Our analysis indicates that at CBI such an overview is still problematic.

The cost accounting model needs to be rethought for a number of reasons:

a) to line it up with changes that had been introduced in the operational country list (more focus on partner countries, LDCs and fragile states)[126];
b) to meet the wish of the client to introduce a more active steering of CBI;
c) to address remarks that had been made by the ADR, which repeatedly requested the accuracy of the costs charged by CBI to be examined; and
d) to address the need to introduce more flexibility into programme implementation.[127]

Until 2006, it was common practice for CBI to clear finances at the time of delivery against an *ex post* price for its products (ECP, BSOD, MI and HRD). Briefly, this meant that all costs incurred were charged to the client.[128] Additional requests from the Ministry of Finance led to a change in clearance settlement (*ex ante* rather than *ex post*).

[125] Also, when the costs for personnel and material are added, it does not affect the difference in the slope of the two trendlines.

[126] In the CBI country-sector statements for the years 2010 and 2011, however, twelve countries are reported that should have been excluded according to the MFA operational country list. These are: Bosnia and Herzegovina, Colombia, Costa Rica, Ecuador, Jordan, Macedonia, Montenegro, Peru, South Africa, Suriname, Thailand and Tunisia. It is unclear to what extent the operations in these countries fall under the agreement that allows for a 15% deviation of the budget to be spent in non-MFA listed countries.

[127] For example, in the former situation CBI could not invoice the interventions delivered to companies that dropped out of the programme, losing the investment so to speak.

[128] Programmes executed in this period are so-called 'task 1' programmes.

From 2006 onwards, CBI and MFA agreed that in the new multi-annual programmes ECP and BSOD products would be settled at the time of delivery against an *ex ante* price.[129] The settlement price was based on allocated expenses using hourly rates for the programmes, to which a 'risk'[130] and 'profit' mark-up were added. This led to cost prices that were structurally higher than the actual programme expenses.

In 2007 MFA approved a request from CBI to increase the budget per delivered competent ECP exporter by 17% (from EUR 56,750 to EUR 66,445). CBI argued that relatively cheaper ECPs had been cancelled, since they did not live up to the requested level of quality, the assumed savings in programme delivery costs did not materialise, and/or market developments requested more extensive coaching of beneficiaries by CBI consultants. Based on the documents reviewed, this was accepted by the client without any further request for clarification. Another example of budget maximisation is shown in Box 6.

Based on detailed evaluation of the intervention activities deployed at the company level for the ECPs that started since 1999, IOB concludes that the claimed intensity of ECP interventions was never really there, and that therefore the justification for increased financing per competent exporter was not empirically supported.

Box 6 *Budget maximisation*[131]

For the purpose of better estimating CBI's liquidity needs to implement both contracts ('old' *ex post* and 'new' *ex ante* regime products), the planned production was multiplied by the price (P) per unit (Q). As the P and Q were not quantified for the old regime products, it was decided to curb CBI's production by allowing a maximum increase in either P or Q of 25%. In the accountability statement of the 2008 production, which was approved by the ADR, the approved budget per competent exporter is set at EUR 57,543, which is 27% higher than the agreed price, and therefore not in line with the maximum variation set at 25%. This was accepted without intervention from the clients' side.

Up to 2010, CBI programmes were linked to a single product. This ensured that no programme that entailed a more comprehensive approach, for example by combining sub-products into a tailor-made product offer, could be launched. To ensure consistency with the introduction of the new programmatic work approach since 2011, the cost model was adjusted to allow for a more flexible form of programme delivery. Existing products were subdivided into modules, and the then current programmes were incorporated into the new modular approach.

[129] These are so-called 'task 2' programmes.
[130] Economic, political and cultural risks and natural disasters.
[131] Source: Memo 09/06/2006.

In order to achieve a more accurate cost price[132] of programme modules, MFA and CBI decided that starting in 2010 price setting would be based on out-of-pocket expenses, to which were added a 10.5% mark-up on the net programme management costs and a 20.5% mark-up on the net programme overhead costs. Our analysis indicates that the mark-up for overhead is much higher than the actual costs of production, at least for two of the three years projected in the table (Table 17).

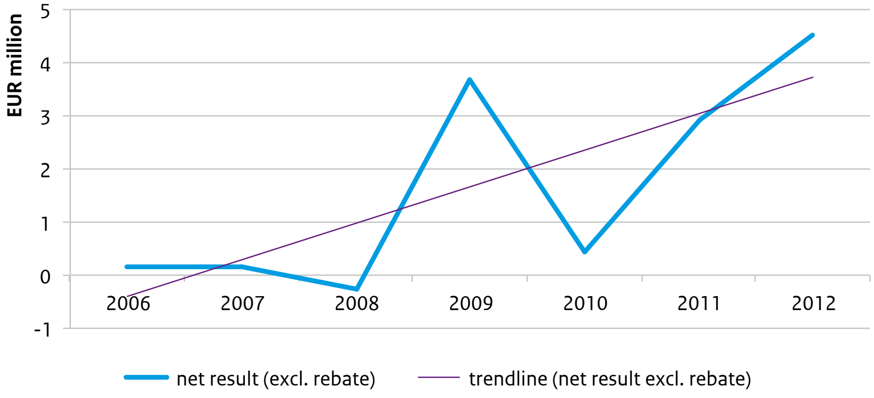
Table 17 Overhead costs

	2010	2011	2012
Total overhead[133]	3,677,206	3,510,147	3,727,273
Total expense (incl. depreciation)	29,338,859	16,809,588	20,656,327
Overhead to expenses ratio	12.5%	21.9%	18.0%

Source: IOB, based on CBI annual financial accounts.

CBI saw its turnover and profit rate increase from 2009 onwards, with the profit ratio increasing from an annual average of a 0.5 percentage point between 2005 and 2008 to a 3.1 percentage point between 2009 and 2012, which is more rapid than the increase in turnover of 36% over the same periods. The explanation lies with CBI's introduction of the *ex ante* cost price settlement, combined with the transfer pricing model allowing for more flexibility, as well as mark-up cost prices, while CBI has not yet become more active in LDCs and fragile states.

Figure 11 *Development of net result (2006-2012)*

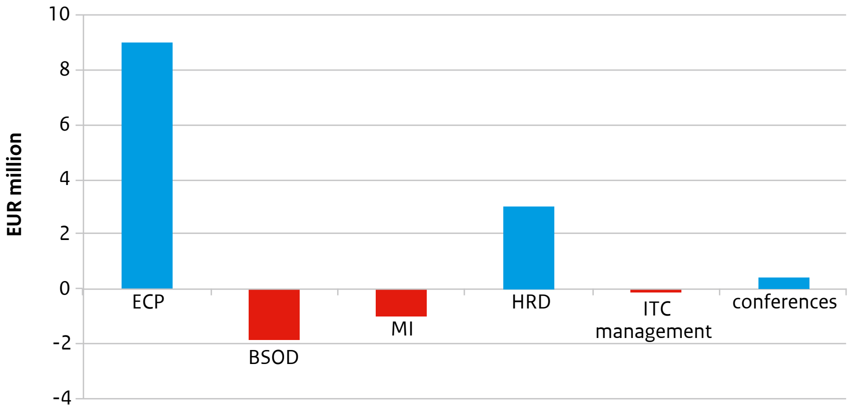


[132] Actually, the term 'transfer pricing' better reflects reality since it is based on real expenses, including mark-ups to cover overhead, risk, and profit. The term 'cost price' suggests real expenses per unit, excluding these mark-ups.

[133] Total of indirect costs of personnel plus material costs (excluding programme costs). Any personnel costs that can be attributed to a product have not been included.

A breakdown of these profits by product modules shows the following picture (Figure 12).[134] The implementation of ECPs, especially the aforementioned 'Company audit and action plan', 'Export capacity development', and 'HRD training' modules have been highly profitable. Losses on the following products could be easily offset by gains: 'BSOD export development promotion' and 'Market and tailored intelligence'.

Figure 12 *Product modules contribution to net result (2010-2012)*

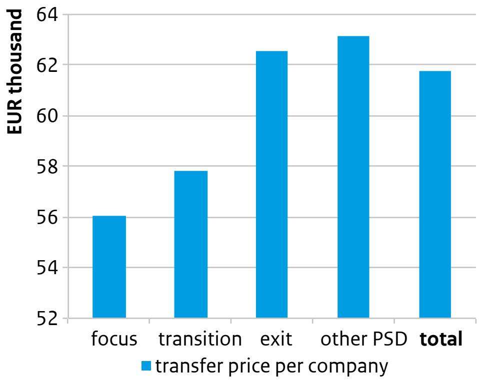


Given MFA's wish for CBI to become more active in LDCs and fragile states, one of the arguments underpinning the need to introduce cost price mark-ups was that operational costs to implement programmes were supposed to be higher in these countries compared to areas CBI used to operate in. Since CBI's activities in LDCs and fragile states did not meet the client's expectations, the mark-up cost prices were, in fact, too high to compensate for its activities, which took place predominantly in lower cost countries, and hence resulted in a rapid build-up of equity.[135] In order to prevent this from happening, the 'Regulation Departmental Agencies' of the Ministry of Finance introduced a threshold above which excess capital had to be transferred back to MFA,[136] while CBI proposed a discount of 20% on total ECP production in 2010, 10% on 2011 production, and 5% for the years 2012 and 2013.[137]

134 Annex 8 provides detailed insight into profit/loss per intervention module.
135 In 2013 the price level of the modules was reassessed. This reassessment has led to an adjustment of the prices of nine modules (Annual plan, 2014). This adjustment is approved by owner and client, with the consent of the control unit.
136 The regulation stated that CBI's equity could not become more than 5% of its average turnover of the last three years. CBI has tried to double the percentage but, according to the documents reviewed, this was never granted by the Ministry of Finance.
137 In 2012 the client was granted a discount of EUR 1.5 million to adjust profits downward, in order not to exceed the threshold.

Box 7 *Is support in LDC countries and fragile states more expensive?*

One of the arguments behind the 'cost price' mark-up has been the fact that CBI should become more active in LDCs and fragile states, countries where production costs are assumed to be higher. A financial analysis of ECP activities deployed in so-called 'focus countries' does not provide evidence for such a claim. In fact, the contrary has been proven to be the case: the costs per company in these countries are lower (EUR 56,000) compared to other country classifications (e.g. EUR 63,000 in PSD countries). One of the reasons that might explain the average lower costs in 'focus countries' is that the interventions primarily involve business development, and to a much lesser extent deploy modules in the fields of export capacity building and market entry.



Non-homogeneous measurable products and services

As indicated earlier, effectiveness and measurability within a cost and expense model require the handling of a full cost model, which assumes the presence of homogeneous measurable products and services. Commercial work assumes control on the basis of products and services, and funding on the basis of production, based on full cost. Therefore, according to the scheme, it only makes sense to use an income and expenses model if clear products and/or services are identified. In addition, the contractor's activities need to be predictable, and the contractor must be able to influence the costs.

Several evaluations, especially those of implemented BSOD modules, clearly indicate that a standard module with a standard transfer price do not go well with the demand-driven, context-determined needs of the beneficiary, which require tailor-made assistance. For example, BSOD modules had to be changed in India, while in Indonesia the key question was how the BSOD programme could complement and synergise best with other projects to get maximum added value for the BSOD.[138]

[138] Ilumtics (2013) pp. 21-22.

The cost and expense model requires all actors to enter into a discussion on the price, quality, and quantity of the services to be provided. It makes more sense, in particular with organisations that provide heterogeneous and/or socially relevant products, to start from the available budget.

5.3 Programme efficiency

This section focuses on an efficiency analysis at the programme level. It provides information about expenses, transfer prices, overhead, delivery rate, costs associated with drop-outs and rejected companies, employment change at the ECP level, and also compiles ratios based on the number of competent companies.

Table 18 gives an overview of the number of competent companies per ECP, the amounts received per competent company by CBI, based on the pre-agreed prices with MFA per delivered programme intervention module, actual costs made by CBI per competent exporter, the overhead rate per ECP, costs related to companies that left the programme, and the average change in employment per competent company.

Table 18 Programme costs and efficiency parameters

Description	Competent companies	Transfer pricing per competent company (in EUR)	Expenses per competent company (in EUR)	Profit per competent company (in EUR)	Overhead to expenses ratio	Delivery rate	Costs of drop-outs to total expenses rate	Employment change per competent company
Mobile equipment parts	30	51,251	51,251		21%	88%		22
Engineering products	32	58,564	58,564		22%	82%		20
Medical devices and laboratory equipment	37	57,969	57,969		23%	90%		9
ITO	38	41,938	41,938		22%	88%		15
BPO	10	65,584	65,584		30%	56%		-10
Pipes and process equipment	47	58,119	58,119		18%	87%		58
Outerwear	21	73,381	59,645	13,736	25%	88%	1.3%	-73
Sub-contracting castings and forgings	38	79,126	57,965	21,161	20%	88%	4.6%	16
Food ingredients	29	84,600	64,511	20,089	24%	76%	5.3%	0
Personal and protective equipment	21	80,467	70,557	9,910	25%	76%	4.4%	n.a.
Office and school supplies	44	86,455	65,833	20,621	24%	90%	1.3%	-4
Home decoration accessories and gifts	44	79,205	60,772	18,433	26%	94%	0.9%	0
Pharmaceutical products	19	86,200	58,786	27,414	23%	96%	0.7%	5
Total	**410**	**68,672**	**58,393**		**23%**	**86%**	**2.7%**	**9**

Sources: CBI, IOB.

The table is split into two compartments. The ECPs above the marked line represent the ones that were financially settled *ex post* (task 1 assignment), and the ones below the line represent ECPs that were financially settled *ex ante* (task 2 assignment). The table illustrates that CBI started 'to make money' after the *ex ante* pre-agreed pricing was introduced in 2006, while overhead did not decrease.

The first column mentions the name of the ECP, followed by the number of companies within that ECP. The 'transfer pricing' column is different from the column on actual programme expenses, since an *ex ante* product pricing method was introduced halfway through the period of evaluation. Until 2006 the agreement was that only costs incurred were settled (task 1 assignment of CBI by MFA). Under the task 2 programmes, individual modules delivered per company were settled in advance with the client against a pre-agreed price. This marks the point at which CBI actually started to make a profit on delivered programmes, up to EUR 4 million,[139] after which it was decided to introduce a cap on the build-up of private equity.

The 'profit delivered' column shows the profit (the sum of transfer prices minus expenses) per delivered company. The 'Pharmaceutical products', 'Sub-contracting castings and forgings', 'Food ingredients', and 'Office and school supplies' ECPs have been highly profitable. The total average profit per company amounts to EUR 19,085, or 15% of the average total transfer price per delivered exporter.[140]

When looking at how expenses per ECP developed vis-à-vis the transfer price between 'task 1' and 'task 2' assignments, it becomes clear that expenses raised by 13% from EUR 55,200 to EUR 62,500.[141] At the same time the average transfer price of a 'task 2' assignment increased to EUR 81,300, an increase of 46% compared to the 'task 1' average. One possible explanation for the rise could be a more intensive intervention delivery. As mentioned above, our analysis at the sub-module intervention level does not indicate any significant change between 'task 1' and 'task 2' programmes. A comparison of both assignments reveals that the average overhead percentage did not reduce overtime – on the contrary, a slight increase can even be discerned.[142]

Considering the profit per delivered company, it is good to keep in mind that one of the drivers for these profits are the exaggerated mark-ups for overhead that came with the new cost price system. The average mark-up introduced in the cost prices for task 2 ECPs was 31% (10.5% programme management and 20.5% programme overhead), whereas the figure indicates the average to be 23%. Another profit driver was the budget rise of 17% discussed in the previous section.

139 Capital ceiling set by the Ministry of Finance.
140 By introducing a cap on equity accumulation, excess profits were returned to MFA, followed by agreements between client and CBI to carry through rebates on the sales price. This example indicates that CBI has not been able to set an accurate cost price, despite being pushed by MFA's accounting and control unit.
141 This is about 2% on average per year, which reflects the annual inflation.
142 Overhead has been expressed as direct and indirect personnel costs, general fund, CBI innovation, evaluation and unforeseen. Source: CBI.

One of the determinants of overhead is the programme drop-out rate, being one of the indicators of its efficiency. Ideally, effective targeting should reduce the drop-out rate. The table shows that the 'delivery rate', as a reciprocal of the drop-out rate, varies across ECPs. Furthermore, costs associated with drop-outs (and those rejected after programme admission) have been expressed in terms of total ECP expenses. Despite the fact that the costs of drop-outs are limited compared to total costs, the number of drop-outs influences the costs per competent exporter significantly.

The drop-out rates vary strongly across the four case study countries (Table 19). The figures indicate that South Africa is the country with the highest rate of companies that left the programme, almost twice the average drop-out rate. The last column seems to suggest that higher drop-out rates are more likely in lower-middle-income countries.

Table 19 Drop-out rates per country

Country	Companies delivered	Drop-outs	Country income group
Bosnia and Herzegovina	2	6	UMC
Kenya	2	2	LIC
Indonesia	8	3	LMC
Philippines	10	3	LMC
South Africa	**22**	**6**	UMC
Peru	8	2	LMC
Thailand	5	1	UMC
Colombia	**44**	**8**	UMC
Macedonia	23	4	UMC
Ecuador	18	3	UMC
Serbia	7	1	UMC
India	**164**	**23**	LMC
Pakistan	22	3	LMC
Egypt	**31**	**4**	UMC
Ghana	1	0	LMC
Sri Lanka	10	0	LMC
Armenia	2	0	LMC
Tunisia	8	0	UMC
Vietnam	1	0	LMC
Honduras	3	0	LMC
Jordan	8	0	UMC
El Salvador	1	0	LMC
Tanzania	1	0	LIC
Bolivia	4	0	LMC
Uganda	4	0	LIC
Bangladesh	1	0	LIC

***Bold** indicates the case study countries.*
Source: CBI/SAGE.

5.3.1 Cost-effectiveness

Translating the findings from survey and case studies to the ECP population under review enables us to develop an understanding of the number of assisted companies that benefited from the programme interventions, which can be used to determine the programme's cost-effectiveness. It is important to note that enterprises may drop out at various levels in the result chain, so that the number of companies that actually benefit might be smaller than the number that might potentially do so. A reconstruction has been made for all ECPs based on the evaluation findings (Table 20).

The table describes the various phases, starting from the selection into the programme by CBI. Of the 479 companies that got selected into the programme, 14% dropped out during the intervention, leaving 410 competent exporters.

How does this translate into the cost-effectiveness of the programme? The total ECP portfolio accounted for EUR 24 million, or on average EUR 58,000 per competent exporter. If the beneficiary group was to be limited to the number of companies that achieved an effect, or even a sizeable effect, the average cost per company would increase substantially.

Table 20 ECP population effects (simulated)

Phase	Pipeline	Number of ECPs	Share of initial selected	Share of competent exporters
1	selection into the programme	479	100%	
2	drop-outs	69	14%	
3	competent exporters	410	86%	100%
4	effect (all sizes)	180	38%	44%
5	effect (≥ EUR 145,000)	62	13%	15%
6	sustainability	30	6%	7%
7	substitution	15	3%	4%

Source: IOB.

Another way of assessing a programme's cost-effectiveness is the return on investment. CBI uses this definition as a standard for assessing the impact, which is defined as the total achieved exports to EU markets measured one year after completion of the programme. The export turnover is measured from the start of the intervention until one year after completion of the programme.[143]

Applying this definition to the survey results, programme costs can be set against the additional exports (instead of total exports achieved). According to this definition, export turnover is the sum of additional exports over the years 2006-2012 plus the sum of baseline export turnover during these years. Please note that we use a longer time frame than the

[143] CBI theory of change and indicators, 13 November 2013.

five year time frame used by CBI, which enables us to record effects more than one year after completion of the programme.

IOB estimates that additional exports during the period 2006-2012, extrapolated for the population of CBI-assisted companies (13 ECPs), amount to EUR 29 million to the EU and EUR 31.5 million to non-EU countries.[144] Given the average programme costs per competent company of EUR 58,000, one could state that for every euro spent by the programme, additional exports achieved amounts of EUR 1.2 (EU) and EUR 1.3 (non-EU). When, for comparative reasons, the review is limited to 2006-2011, the additional exports achieved would be reduced to EUR 0.49 (EU) and EUR 0.53 (non-EU) for every euro spent.

In conclusion, when defined according to the return on investment of attributable programme effects it can be stated that these have not been cost-effective for the 13 ECPs under evaluation, even when looking at a longer time span. Also, when looking at total additional (EU and non-EU) export development, according to CBI's internal standards, we conclude that the programme was not cost-effective. This is even more the case when, instead making use of CBI's own internal rate of return definition, the attributed value added or profits are taken as relevant indicators for determining cost-effectiveness.

5.4 Benchmark

Apart from discussing efficiency based on internal organisational and programme data, we collected and compared benchmark data from external trade promotion organisations.[145] The goal of the external benchmark is to assess the efficiency of CBI's services by comparing CBI's cost structure to the cost structures of similar organisations. This evaluation concentrates on output and outcome efficiency, specifically for the export coaching programmes. In other words, the ECP costs have been related to output, i.e. numbers of assisted exporters, and outcome, i.e. additional exports realised.

Costs and cost drivers

Table 21 presents the total annual cost of the activities that most resemble CBI's export coaching programmes. Overhead is defined as all expenses for secondary (or support) processes, such as general management, finance, marketing, and human resources management. CBI's breakdown of primary costs ('*programmakosten*') and secondary costs ('*opslagen*'/ '*doorbelastingen*') has been used. Programme management is seen as part of the primary process and thus is not included in overhead. In SIPPO's annual activity reports, programme, project, and other organisational costs are specified.[146]

[144] It should be noted that the ECP evaluation perspective used here differs from that used by CBI. Instead of evaluating all companies participating in the same ECP, the subject of the current evaluation is ECP-assisted companies in a specific country.

[145] See Annex 12 for a methodological description of the benchmark.

[146] According to a COMO consultant who studied SIPPO's accounting system in 2010, programme management is accounted for in programme costs, which is also the case at CBI. Therefore, the breakdown in the annual reports is considered useful for such a comparison. For TDC, the average overhead percentage has been calculated on the basis of two annual reports, and this has been added to the costs for the export coaching activities ('*Renforcer les capacités et l'accès au marché des producteurs du Sud*' and '*Encourager les échanges commerciaux Sud-Sud*').

Table 21	Costs of export coaching (average 2010-2012)		
	CBI	TDC	SIPPO
Export coaching costs incl. overhead	EUR 11,414,373	EUR 861,099	EUR 5,997,946
Export coaching costs excl. overhead	EUR 7,987,099	EUR 672,734	EUR 5,521,132
Overhead to expenses	30%	22%	8%

Source: IOB.

The cost of export coaching is a net cost, meaning that contribution fees have been accounted for. The share of contributions by beneficiaries is divided as follows: CBI (6%), the TDC (20%) and SIPPO (7%).

To reflect the scale of operations, and thus the potential for economies of scale for each TPO, we have gathered information about the share of export coaching activities in the organisation. We selected TPOs for comparison as they have separate financial accounts, which allows us to do this at the TPO level. It is important to note that all three TPOs are in fact part of a larger organisation. TDC is a part of the Belgian Development Agency (BTC).[147] The annual accounts show that TDC uses BTC's infrastructure, and pays for it. SIPPO has over the past years been integrated into Switzerland Global Enterprise, just as CBI is currently being integrated into RVO.

The table clearly shows that CBI is the largest organisation in terms of turnover, while SIPPO focuses most on export coaching, with all activities plausibly targeted at increasing its beneficiaries' exports. Although SIPPO apparently began to shift its focus onto more systemic interventions in 2012, this shift was not yet evident in that year's financial report.

Table 22	Export coaching share in total turnover (average 2010-2012)		
	CBI	TDC	SIPPO
Total annual turnover (IPO level)	EUR 22,516,783	EUR 1,968,769	EUR6,047,292
Export coaching share in organisation's turnover	51%	44%	100%

Source: IOB.

Cost differences can also be related to programme characteristics. In terms of programme duration and content, CBI and SIPPO are quite similar (Table 23). The standard programme duration in both organisations is three to four years. While evaluation and administrative (preparation and closing) activities are not fully included, the part of the programmes in which companies actively participate is similar. Also comparable is the number of visits to trade fairs: companies participate in a maximum of three fairs, and have to make a higher

[147] TDC is a part of BTC, which is a much larger organisation than CBI. BTC has offices and personnel both in Belgium and abroad, and has a turnover of around EUR 229 million (2012 Annual Report). The cost structure for the overall organisation has been made transparent in its annual reports. But as TDC is such a small part of BTC (± 1%), we do not believe the overall cost structure to be relevant for our comparison with CBI.

contribution for each subsequent fair. The actual amount of trade fair visits per company is unknown for SIPPO, as it does not register drop-outs.

Table 23 Programme characteristics (average 2010-2012)

	CBI	TDC	SIPPO
Duration	4.4 years	n.a.	3 years (max. 4 years)
Estimated number of beneficiary companies per year	597	843 '*individus*' + 27 '*groupes*'	1,000
Average number of beneficiary companies per programme	32	n.a.	65
Amount of sectors targeted per year	19	2	15
Main sectors targeted	Industrial products (e.g. medical devices, engineering products, personal protection equipment), consumer products (e.g. clothing, home decoration and accessories), services (e.g. IT outsourcing), agriculture, food and forestry (e.g. food ingredients).	Agriculture (80%), handicrafts.	Food (fish and seafood, fruit and vegetables, natural ingredients, bio-products), non-food (home textiles, alpaca, fashion, jewellery, handicraft, indoor furniture, outdoor furniture), technical products (metal proces-sing and mechanical engineering, software applications, technical wood), tourism.

Source: IOB.

Whereas SIPPO and CBI offer multiple export-oriented services (such as individual coaching and collective visits to trade fairs) integrated into a single programme, TDC has not yet developed such an integrated programme. Financial and technical support to businesses that want to visit a trade fair, for example, is a separate activity from marketing support. TDC's programme does not have a predetermined duration, as it is fully tailor-made, based on participants' own plan of action.

The amount of personnel needed to execute programmes is not reported here, as we could not find any trustworthy data. The export coaching activities are performed largely by contractors, and the number of contractors has not been reported upon in any of the cases, nor has the size of their contracts.

The CBI and SIPPO programmes differ quite a bit in terms of the number of companies participating in export coaching: SIPPO has twice as many companies. CBI targets more sectors in any given year than SIPPO, i.e. 19 as opposed to 15.

A special attribute of TDC is their exclusive focus on fair trade. Many of its activities involve promoting and certifying fair production methods. At CBI and SIPPO, fair trade is neither a selection criterion nor the main focus of the export promotion activities, although SIPPO currently has one programme that deals with responsible tourism and CBI is working on integrating international corporate social responsibility criteria into its operations.

Choice of sectors and products

CBI and SIPPO have a comparable sector focus, which can be described as a combination of agricultural, industrial, and services industries, which includes both products intended for business-to-business and business-to-consumer trade. TDC stands out in this respect, with a clear focus on agricultural products (mostly commodities) and handicrafts. Unlike CBI and SIPPO, TDC does not work at all with industrial companies. In practice, ECP participants are mainly from the industrial and consumer goods sectors, and less so from agriculture.

Geographical spread

The number of countries in which export coaching programmes were implemented differs quite a bit between the three organisations. CBI has the broadest focus (29 countries on average) and TDC the narrowest (7 on average). The difference in geographical focus between SIPPO and CBI can be explained by the fact that SIPPO has had to work with a much shorter country list than CBI. Their sponsors (SECO and the MFA, respectively) only allow them to work in a predetermined set of countries.

Table 24 Geographical spread (average 2010-2012)

	CBI	TDC	SIPPO
Average amount of countries targeted per year	29	7	14
Countries targeted	Afghanistan, Armenia, Bangladesh, Bolivia, Bosnia and Herzegovina, Colombia, Cuba, Ecuador, Egypt, El Salvador, Ethiopia, Guatemala, Honduras, India, Indonesia, Jordan, Kenya, Macedonia, Mali, Morocco, Pakistan, Peru, Philippines, Serbia, South Africa, Sri Lanka, Thailand, Tunisia, Uganda, Vietnam, Zambia.	Bolivia, Ecuador, Democratic Republic of Congo, Germany, Kenya, Morocco, Palestine, Peru, Rwanda, Senegal, South Africa, Tanzania, Uganda.	Albania, Bolivia, Bosnia and Herzegovina, Cambodia, Colombia, Egypt, Ghana, Indonesia, Jordan, Kosovo, Laos, Macedonia, Nepal, Peru, Serbia, South Africa, Ukraine, Vietnam.

Source: IOB.

Looking at the type of countries targeted, we note that sub-Saharan countries are over-represented at TDC (7 out of the 13 countries worked with in 2010-2012) and under-represented at CBI (5 out of 43) and SIPPO (2 out of 18).

Target group characteristics

The evaluation of SIPPO and CBI has shed light on the types of business that enrol in export coaching programmes. It seems that CBI's beneficiaries are somewhat larger in terms of the number of employees. Even so, SIPPO and CBI beneficiaries both fall within the limits of any definition of SME. Both CBI and SIPPO's beneficiary companies have considerable exporting experience, even to the European market. This suggests that these businesses are quite advanced, indeed on the higher end of the value chain, as SIPPO has put it.

TDC, on the other hand, works mostly with small mainly agricultural producers (smallholders). Many of its activities aim to unite individual producers into cooperatives and integrate these cooperatives into newly developed value chains.

Looking at the tables presented in the sections above, SIPPO is most likely to have the lowest cost per exporter. SIPPO has twice as many participants in its sector programmes, suggesting lower start-up and evaluation costs per participant. In addition, these participants are probably located in far fewer countries, suggesting lower travel costs and time needed to visit them.

5.5 Conclusions

- The overhead needed to run programmes increased at a faster pace than the programme budget.
- The creation of CBI as an independent agency did not make it more cost efficient. One possible explanation for this is that there was no MFA-induced incentive for CBI to lower its costs.
- With the introduction of *ex ante* cost prices and the modular programme delivery, CBI has seen its turnover and profit rate rise, with profits increasing more rapidly than turnover.
- MFA approved requests for budget increases, even though they were not always justified by CBI and lacked information about cost prices.
- Our empirical analysis could not find any justification for CBI's extra budget claims either, which supposedly resulted from the intensification of its interventions over the years.
- CBI agreed to pay back accumulated excess capital to MFA, even introducing discounts on its tariffs. This may create the wrong impression of an efficiently run operation, while in fact cost prices had been too high for too long.
- Translating the number of companies that benefited from the programme interventions into cost-effectiveness, we conclude that the average cost per company is far above the financial settlement per competent exporter.
- The benchmark indicates that CBI had the highest cost per exporter. This was caused by high fixed costs per participant and high transaction costs as a result of its presence in a wide range of countries.
- As an independent agency, CBI was not run efficiently, and the programme itself was not cost-effective either, because it did not optimally direct its investment of scarce resources towards the group of companies that needed it most.

6

CBI's Business Support Organisation Development programme

6.1 Introduction

We will discuss the relevance of the BSOD programme by juxtaposing findings from the literature with CBI's assistance rationale, curriculum, and implementation of the BSOD programme in Section 6.2. Section 6.3 presents an assessment of the effects of the BSOD programme, followed by a reflection on the efficiency of its implementation in Section 6.4.

6.2 Relevance of the BSOD programme

One challenge facing private sector development institutions is how to achieve operational scale when providing support to SMEs in developing countries. The problem is that SMEs are by nature small, diffuse and numerous. Supporting SMEs carries with it the inherent risk of the institution itself becoming too diffuse, as highlighted in a number of recent evaluations of development assistance to SMEs. One way through which institutions seek to increase the scale of impact of trade-related SME support is to focus on strengthening intermediary organisations, such as trade support institutions, as highlighted in a recent evaluation (ITC, 2013).[148]

In recent decades, stimulating national exports by offering information, finance and technical assistance to individual firms via trade promoting organisations has received broader attention. The number of TPOs that represent national interests has tripled over the last two decades (Lederman et al., 2010). The literature tells us that the types of service offered by these TPOs seem – at least on the surface – quite similar across countries and can broadly be divided into three categories:

1. market research and publications (offering firm, sector or country-specific market information on tariffs, standards, trends, opportunities, and competition, for example);
2. training and technical assistance (training and advice on export processes, the regulatory environment, legal issues, logistics, marketing, and developing export business plans); and
3. market entry support (facilitating and (co-)financing trade fair participation, trade missions, and matchmaking activities).

Theoretically, these services could promote export by reducing information asymmetries and transaction costs, and by giving firms incentives to invest in entering new markets. However, in the past there has been a great deal of criticism on the functioning of TPOs in developing countries. Hogan et al. (1991) argued that TPOs were generally ineffective because of inadequate capacity, insufficient customer orientation, heavy government involvement, and a lack of long-term support to companies. Since then much has changed (arguably in response to these criticisms). Nevertheless, the question of the additionality of

[148] WTO, '*Connecting developing country SMEs to global value chains*'; joint communication from the International Trade Centre and the WTO secretariat, September 2014.

donor programmes in specific fields has become more pressing, and requires donors to become even more selective choosing where and who to support.

CBI's management has shown a greater interest in expanding the BSOD portfolio in the last decade. It assumed that this product could contribute more effectively and efficiently to CBI's greater goal, i.e. that a larger group of companies could be reached for less cost per company compared to the ECP programme. While the initial focus was entirely on reinforcing local business support organisations, since 2011, CBI has attempted to create more synergy between supporting BSOs and companies and is trying to achieve this in a more coherent and structured manner.

BSOs need qualified and well-trained staff who have the competences to provide relevant, digestible, practical, and tailor-made EU export marketing and management services to their member clients. These services include skills pertaining to market research and trade promotion techniques for BSO staff so they can identify different sectors and niches in new EU markets. And they may also include services to individual exporting companies, like export audits, market research, or providing information on market requirements.

Box 8 *Typical BSOD deliverables*

The following list contains examples of results that are typically generated by BSOD programmes:

- collaboration models and agreed task divisions with other export service providers and actors in export value chains;
- improved organisational vision, policies, strategy, and structure enabling adequate European market-related export service delivery;
- a quality assurance system (including manuals, established client feedback processes, internal quality control procedures, etc.) for European market-related export services;
- business processes for (European market-related) service delivery;
- marketing and communication of the market proposition of BSOs to their clientele and stakeholders;
- a network of local external experts under the umbrella of the BSO;
- enhanced competences of BSO staff regarding identifying and transferring European market opportunities to exporters;
- enhanced competences of BSO staff to deliver quality services for export value chains and exporters to the European market; and
- new (European market-related) products and services developed by BSOs.

Source: CBI.

Given the heterogeneity of BSOs, the relevance of the technical assistance depends very much on the mandate and competence of the beneficiary. For example, CBI supported the Indian BSO TEDO, which was having difficulty expanding its activities as the organisation's headcount was limited. As a result, they had to build a small network of external experts who supported them in their programmes. The feasibility report mentions strong signals that there was a lack of strategic coherence and professionalism at TEDO. Therefore, the technical assistance of the programme was highly relevant to TEDO's mandate.

The evaluation of SIPPO also indicates that the quality of cooperation is not uniform, since BSOs are weak in many countries. Their financing is not secure and their choice of personnel is often politically motivated, and therefore the work relationship between CBI and beneficiaries depends on individuals, not on structures.[149] For that reason, SIPPO views joint strategic planning as wishful thinking and usually unrealistic.

6.3 Effects

According to the literature reviewed, the capacity and internal organisation of TPOs are important determinants of their effectiveness (Lederman et al., 2010). Lederman et al. demonstrate that TPOs perform well when they are publicly funded but also at least partially managed by the private sector. Apart from this paper, however, there is little rigorous evidence on what type of internal organisation is important and whether building the capacity TPOs is an effective strategy. The reason for the lack of good studies, according to a review by SIDA (2013), is the absence of objective indicators that can measure increased capacity (e.g. how to measure whether the training of staff led to improved services) and the difficulty in attributing the observed changes at a company or country level to capacity building activities at an organisation that operates on a national or regional level.[150]

6.3.1 Challenges of measuring capacity development effects

The exact results that a BSOD programme will achieve depends on the particular organisational needs of the BSO, as well as the country and/or sector needs.[151] One year after a programme ends, an independent evaluation is conducted to assess the extent to which the programme's purpose/effect and objective/impact have been achieved. The evaluation uses quality indicators that rate a programme as 'sufficient' if (a) 80% of the competences have been transferred, (b) 60% of the transferred competences are being used, and (c) 60% of the clients of the services provided by the BSOs agree that they are receiving better service provision than they did prior to the support provided by CBI.

[149] One important learning point for the BSOD programme at the Indian BSO TEDO is the implementation of the strategic planning module. TEDO worked on projects and was relying too heavily on external funding. As result, it could not grow as an independent EU export-supporting entity within its mother company, as initially expected.

[150] See also IOB evaluation no. 336 *'Facilitating resourcefulness: Evaluation of Dutch support to capacity development'*.

[151] These needs are assessed during the programme's preparatory phase. In this stage, one or more of the four available BSOD modules are considered for implementation: strategic planning for the EU, export marketing and management, market information, and market development.

Several BSOD evaluators indicated that measuring such a quality standard is a great challenge, since interviewees have little understanding of how to interpret indicators such as ‘transfer of competences’ or ‘use of the capacity’, nor are they able to provide a sound opinion on the ‘effect of the use of capacity’. For example, one of the evaluators stated that 60% to 80% of BSO staff expected their job performance towards exporters to improve after training. One should also note, however, that the reported figures should be read as anticipated rather than actual impact.

These quality standards set by MFA and CBI seem to be too general and hard to measure accurately. In other words, assessing effects or impact is hindered by the absence of objective indicators that can measure increased capacity. Moreover, since the effects of organisational changes are less likely to take place immediately, but might manifest only after several years, they will not necessarily be captured during the regular evaluations that take place one year after the intervention has terminated. To make it even more complex, the fact that the project is normally implemented for several years increases the possibility that the learners/participants fail to accurately recall their experiences. They might still use knowledge, skills, and methodologies provided by CBI, but may be unable to name these things due to the fading memory over time. There is another, more culturally induced bias, also highlighted in some BSOD evaluations, which tells us that recipients are more inclined to give socially desirable answers.[152]

Aware of the limits of indicators, and the distorting effects mentioned above, CBI has experimented with other assessment methodologies, which did not lead to any radically different approach. One example is the 5C model, proposed by one of the evaluating bodies, which suggests a more objective and process-oriented evaluation perspective, as opposed to a task and result-oriented one. ‘It attempts to make profound changes in the organisation that could take a longer time than the one established for the BSOD programme, but also, it could aim for a broader objective that may not necessarily or easily translate into export gains in the short run’.[153]

Evaluators indicate they were limited in their research by a more general problem, namely the lack of reliable data.[154] No data has been specifically collected to establish a baseline or end-line situation related to the BSOD, or to measure client satisfaction. Moreover, evaluation outcomes are predominantly based on self-perception, and the measurement of BSO clients’ satisfaction is not an integral part of evaluations.[155] With some notable exceptions, no quantitative data is available to draw conclusions on the programme’s contribution to increased exports. The lack of data also suggests that the programme

152 For example, one of the evaluators mentions that the recipient organisations’ staff is rather obedient and in need of a more assertive mindset, also vis-à-vis CBI.

153 Efece & asociados s.r.l., 2013.

154 Because data was unavailable, or when available, conclusions are based on small sample sizes. The smaller the sample size, the larger the bias. Efficiency could not be assessed because of a lack of concrete financial data due to the change in CBI’s (accounting) system.

155 To evaluate the impact of the programme, CBI could do a (qualitative and/or quantitative) survey with SMEs and other BSOs at the beginning and the end of the programme.

management lacks the information to monitor and steer programmes in the desired direction.[156]

The regular BSOD evaluations on behalf of CBI indicate that the assessment of the quality criteria could not be as specific as expected. Also, the limited availability of data to evaluate the impact of the programme on SMEs/exporters leads to descriptive rather than evaluative conclusions.

6.3.2 Findings

Our review included twenty-one of the fifty-six BSOD modules: three in Bolivia, one in Ecuador, three in India, four in Indonesia, three in Peru, three in the Philippines, and four in Vietnam.

Organisational capacity

A review on behalf of CBI concluded that in general evaluators were moderately positive regarding achievements at the result and effect levels (Triodos, 2009). The BSO staff members interviewed were satisfied with the programmes and indicated that many of the acquired tools and skills were being applied in practice. As the report on the Investment and Trade Promotion Centre (ITPC) in Vietnam puts it: 'The training introduced content and supported the restructuring process of ITPC. Staff received content to get involved in the work, while in the past they had concentrated on administration'.[157] As a result, the professional organisation and service packages of ITPC improved. This has boosted the organisation's confidence and status, making it more attractive for exporters to use their services.[158] CBI also helped to identify and develop new export products, though it remains unclear to what extent these products will actually be marketed on a large scale. According to some participants, marketing these products is still high-hanging fruit as the road from production to export is long.

One aspect of the export marketing and management module (EMM) has been the inclusion of local consultants and service providers, through a 'train the trainer' (TTT) programme. The anticipated multiplier-effect of trained trainers remained below expectations because SME-level data measuring client satisfaction is lacking, as well as information on export increases. Of course, there are exceptions, such as the example of Indian consultants trained by the BSOD programme, who managed to start their own commercially based

[156] For example, it is difficult to measure the effect and impact of CBI training courses when former participants of these courses cannot be tracked. A good quality database would make it relatively easy to develop a cost-effective way of measuring effects and impact over time.

[157] Thanks to CBI support, the organisation is now better at designing its curriculum and syllabus, approaching customers, and managing customer relationships. In the Philippines, at the start of the BSOD programme, Philexport Cebu did not have a market information service at all.

[158] Bringing more structure and 'content' to the work of BSOs seems to be an important asset of the BSOD programme. From this perspective it is good to understand the positive reactions of BSOs while implementing a market intelligence plug-in on the organisations' website, since it creates a new and improved service offer for the organisation. On the contrary, companies themselves, as ultimate beneficiaries of market information services are more diverse in their assessment of these services, especially more experienced organisations expressing often critical opinions.

advisory service, proving that opportunities can be converted once the client values the expertise and is willing to pay for such services.[159]

Increased exports

As indicated, no quantitative data is available to draw conclusions about the programme's contribution to increased exports. Nevertheless, in qualitative terms, various authors agree that the direct or indirect effect of the projects on the capacity of SMEs to export is minor. A review by Triodos concludes that trained BSO staff, local consultants, and exporters expect training to have a positive effect in terms of contributing to increased exports. Nevertheless, six months after training there appeared to be no effect on export development, and even though exporters' knowledge increased, new product development remained limited.[160] In other words, this leaves the impression that workshops as stand-alone activities cannot contribute significantly to export, and that such expectations are in fact unrealistic and exaggerated. Indeed, since most of the anecdotal and observable evidence does not point towards the claimed effect, stronger facts or metrics that would underpin the opposite, i.e. that the BSOD programme would have a positive indirect effect on exports, still need to be presented. Moreover, these evaluations also indicate a shortfall of the programme, namely that BSOs have not been able to tackle other barriers that prevent SMEs from exporting, such as the business community's lack of English language skills or the small size of companies.

6.3.3 Explanations

This section touches on some of the reasons why the objectives of the BSOD programme were not achieved, and in doing so distinguishes between the programme design, the programme implementation, and target group characteristics.

A lack of clear objectives and focus

Business support organisations with a strong sector focus seem to have benefited most from organisational development support. This is in line with the conclusion in the evaluation of CBI's Swiss counterpart SIPPO.[161] Cooperation seems to improve with sector-oriented partners, whereas the chances of a successful intervention are more limited when working with organisations that have a broad mandate and political mission. Large organisations are often bureaucratic and less sensitive to change. They often have a specific organisational structure, mission, vision, and core values that cannot be changed easily. There is also a difference between public BSOs,[162] which rely heavily on government funds

159 In the Philippines, for example, some of the local consultants were being hired for their expertise by companies or local government, without intervention or mediation by Philexport or CBI. The consultants are too expensive for Philexport, but got paid by CBI through the Export Diversification module.

160 For example, the impact of the BSOD programme at NAFED has been modest, suggesting that none of the SMEs that participated in the BSOD programme conducted any export activities.

161 For example, SIPPO's support of the association of the textile sector in Vietnam (Vietcraft) proved to be much more reliable and concrete compared to Vietrade, a non-sector oriented governmental agency.

162 For example DGNED (Indonesia) and HCACS (Vietnam).

and for that reason are not inherently motivated to expand their client base vis-à-vis private sector organisations that are in need of clients and thus willing to pay for their services.[163]

A more detailed analysis of the context in which BSOs operate could help to more accurately establish these organisations' actual needs. According to the evaluator of supported BSODs in Latin America, a continent where business support has a long history, the assessment of the perceived priorities by the BSO's top executives should have been more detailed and carried out in tandem with an assessment of the BSO's needs. That would have it made it possible to select a core process for spreading specific BSOD interventions throughout the organisation.

CBI's predefined modular intervention approach does not always give enough attention to the internal and external dynamics and politics of the BSOs. In some cases, the programme did not understand, interpret, or properly address the environment in which the BSOs were operating. In such cases, the cost of not having a precise understanding of the BSO's context resulted in growing internal tensions as the programme progressed.

BSOs could have benefited from more sensitivity on CBI's part regarding the local project setting, especially when BSOs are part of a network. Apparently reports that date back to the formulation of the BSOD intervention in South America already mention the problem of cultural differences within BSO networks, and the fear of losing autonomy when favouring a more empowered beneficiary. The fundamental question then becomes how CBI can develop a better understanding of these potential constraints, and how to address them.[164]

Supply driven, lack of market demand

The development of new European market-related products and services is an example of a deliverable from the BSOD programme. But as the example of the BSO CADEXCO's HACCP certification services shows, a newly developed service that does not appeal to the BSO's clients, or is priced unrealistically vis-à-vis real market prices, is condemned to disappear.[165] In cases such as this, all the efforts by CBI, the external experts, and the BSO have no tangible impact as a result. A very conventional way to solve this is the same way that any private company would, namely by determining whether the effort to try to sell a new product is justifiable. This type of analysis should guide the areas of intervention based on a thorough study of demand conditions for such services.

[163] For example, the publicly funded HCACS clients are beneficiaries of local government-supported services and the BSO is the budget allocator; hence this does not represent a market customer-oriented process.

[164] To assist competing BSOs at the same time can be quite frustrating. This is not exclusive of CANEB, it was also the case in ADEX and the Lima Chamber of Commerce in Peru; the members of the network were competing for the same clientele with very similar kinds of services.

[165] Based on a pilot project in the natural ingredients sector it was estimated that, on average, 48 companies would demand HACCP certification each year after CADEXCO and a local consultancy with experience in this sector, started offering the service. One year after programme closure, no company had been certified and only one has expressed real interest.

The BSOs have local consultants participating in their events, training sessions, and consultancy assignments. As mentioned, the effect of this group of trained consultants on the capacity of enterprises to export should be considered minor. Not surprisingly, many of the trained consultants are somehow frustrated by the promise that was made after they had participated and passed the training (Triodos, 2009). They expected further initiatives to unfold and also expected to participate in projects or programmes. However, there has hardly been any follow-up or communication following the TTT programme, and graduates indicated that they felt the training was too short to give them enough ammunition to face the industry. It is therefore recommended that future capacity building interventions should focus more on sectors instead of general export management only.

Other evaluations mention the suggestion by local experts that the level of training be customised, which could have been achieved by including local sector experts to deliver certain parts of the EMM training. Including local experts is a potential problem as there is a risk of inconsistent programme delivery (e.g. in the case of IETC from Indonesia) since different local experts might not share the same view of a given matter. However, the way they deliver services to local SMEs should be consistent. This helps to assure the quality of the programme, protect the image of the donor and BSOs, and protect learners and participants from confusion.

Ownership, leadership and commitment

As the case of Philexport shows, ownership and leadership commitment are preconditions for a programme's success. In this specific case the director was already familiar with CBI and had lived in the Netherlands for almost 20 years. Moreover, the organisation already had a clear picture of its future strategy and plans, even before the arrival of CBI.

Allocating time efficiently by beneficiary staff seems to have been problematic. Each CBI mission expert delivers technical assistance for only a couple of days, but of course staff cannot always leave their daily job assignments to attend BSOD activities. This has limited the transfer of competences.

In India the transfer of competences to just six TEDO coordinators, who were also responsible for other jobs at the mother institute, resulted in only temporary commitment towards the jobs assigned in TEDO. From this perspective it might have been more effective to offer the strategic planning (SP) module at the level of the mother institute.

Another aspect of ownership is the high staff turnover rate at supported organisations, or as one of the evaluation reports phrased it: 'high rotation is the enemy of sustained results'. This is a general problem, though at the same time a normal situation that occurs in cases where people are trained, and invest in themselves, which could also generate spillover effects. Nevertheless, the general criticism made by these evaluators is that the programme's design could have paid more attention to sustaining the effects of its deliverables.

This criticism was also voiced with regard to CBI's HRD programme. The MASTER/MAR and FAME studies state that the use of newly acquired competences becomes less obvious at the BSO level. This is due to the fact that some of CBI's seminars are predominantly an investment in individual development rather than in organisational development. So even though individual participants benefit from the training, the knowledge and tools obtained in the training are not always spread to others in the same organisation. Some authors argue that in order to strengthen effects at the organisational level, more follow-up is needed. However, both the FAME and the MASTER/MAR evaluations suggest that follow-up is not always an integral part of CBI's training programmes.

Last but not least, the English language proficiency of beneficiary staff has been mentioned as a problem in various interventions. Given the nature of the activities, this aspect should have played a major role in the selection of beneficiaries and staff. In some cases, CBI accommodated this problem by having the curriculum translated. The key question here is whether programme management should have made such a compromise at all, since English language proficiency is one of the programme's admittance criteria.

Limited additionality?

Since CBI beneficiaries are used to working with a number of international partners, such as – in the case of IETC, for example – the Pacific Resource Exchange Centre in Japan, the Trade Facilitation Office in Canada, the Canada Indonesia Private Sector Enterprise Development Project, the Japan External Trade Organization and the International Trade Centre, effective coordination between service providers is often lacking, which leads to a suboptimal task division.

In Indonesia, according to the evaluation report, CBI's intervention via an SP module played a very modest role in organisational change, from NAFED to DGNED. Indeed, NAFED's organisational structure, vision and mission had already been proposed by the Japan International Cooperation Agency (JICA). CBI's role here was to provide a second opinion, and to align the proposed structure, vision and mission with CBI's policy to improve export performances to EU markets.

The additionality is also questionable in the example of Philexport, which already had a clear strategic plan prepared before CBI arrived on the scene. In this case, the contribution boiled down to accelerating an already ongoing process.

6.3.4 Sustainability

The evaluation of CBI's Swiss counterpart, SIPPO, reveals the weaknesses of its current approach in strengthening the export-related capacities of BSOs. These would also affect the sustainability of SIPPO's interventions, as lasting changes in this field have not been achieved yet. Such a result would occur, for example, if a BSO that was not actively supporting or capable of supporting local companies to participate in international fairs learned to do so by cooperating with SIPPO and went on to offer this service at a reasonable quality on its own.

Some of the evaluations provide some evidence of self-sustaining BSO services, for example at Philexport. In this case the implementation of the MI module created a more or less self-sustaining service, where the increase in membership fees allowed payment for the salary of a market analyst.

As the case studies show, CBI is said to have contributed to the development of business support operations even when no official BSOD programme had been implemented, and despite not being a formal part of ECPs. This happened in particular through partnerships that CBI forged with organisations like Expolink and FTTC in order to organise local events. These organisations have stated that they still benefit from this capacity development. By working through the national export promotion organisation Proexport, CBI contributed to export promotion in Colombia.

In the case of local consultants receiving training, twenty-five local consultants were trained by CBI experts in the EMM module at TEDO in India. Each consultant was assigned to assist four to five companies to develop an export marketing and strategy plan. As the BSO had financial resources at its disposal from the government, the local consultants were paid for their consulting services at the pilot SMEs. After the BSOD programme, some local experts created their own consortium to provide export-related services to Indian SMEs. Nevertheless, the evaluators reported cases in which the actual number of job opportunities available to the TTT graduates was lower than was suggested at the beginning of the programme, so they needed to pursue their careers elsewhere.

From the perspective of the SMEs, the ultimate beneficiaries of BSOs, the sustainability of the programme depends on how the transferred competences are used to support SMEs in their efforts to export to the EU. Indeed, the local experts play an important role in sustaining the use of EMM and MI competences. Therefore, BSOs can play a key role in facilitating and mobilising the network of local experts to promote export in addition to each expert's proactivity, and most likely seem to have had an impact.

In the majority of cases, the programme's focus on sustainability could have been better conceived. Evaluators recommend investing a large part of every BSOD programme in sustainability issues. This could start by developing a business plan at the beginning of the programme. Close to the end of the programme, an 'exit strategy' could boost the counterpart's trust or confidence. The exit strategy should also be directed towards the stakeholders, who will need to have faith in the BSO without CBI's support. CBI could have a monitoring and facilitating role in this phase.[166] Moreover, CBI should have a good understanding of the BSO's financial management. There should also be a good understanding of the market's willingness to pay for a given service.

[166] One proposed idea is gradually losing traction, namely the idea of facilitating one or two conferences with the management team and stakeholders a year after the end of the programme. In the case of Philexport, it is a good sign that MoUs were signed with donors that identified Philexport Cebu as preferred supplier of MI and training and coaching services, thereby enhancing service delivery after termination of the BSOD intervention.

6.4 Programme efficiency

This section describes the efficiency of the BSOD programme, based on what is known from currently available evaluations. The theme is analysed both from the institutional perspective (sub-section 6.4.1) as well as the project perspective (sub-section 6.4.2).

6.4.1 Institutional perspective

As the assessment of the effectiveness of the BSOD programme has shown, CBI is often not the only contributing donor. The key question for the BSOD programme, then, is how to complement and synergise with other projects to get maximum value out of the investments.

As described in the evaluation of the Indonesian big BSO NAFED, this organisation also received assistance from other international partners, such as the Japan International Cooperation Agency, the Swiss Import Promotion Programme, the Hong Kong Trade Development Council, as well as other international cooperation organisations. The evaluator concluded that providing complementary assistance can be only effective and efficient if the BSO is strongly committed to allocating CBI-trained staff to the right position after its organisational change. This change, incidentally, was brought about by the JICA programme. Therefore, the BSOD capacity building component should have been launched after NAFED was restructured into DGNED. Moreover, the report also suggested that if CBI had focused on the EMM module instead of the strategic planning module, it might have increased efficiency.

In the case of the Indian beneficiary TEDO, the intervention, though relevant and aligned with government policies, would have been more effective and efficient if the mother organisation had been targeted instead of TEDO.

6.4.2 Programme perspective

Evaluating the efficiency of BSOD programmes at the project level is seriously hampered by a lack of documentation in the project files. The systematic lack of planned financial resources in each of the modules, in particular, as well as the budget have not been an integral part of the documentation. A detailed budget overview would have clarified the planned budget allocation for each of the projects. Furthermore, an assessment of the spent budget can only be made if there is information available on the outputs and their quality. Here too, we must conclude that insufficient information is available to review the BSOD evaluations.

Based on what was found, the following information per BSOD intervention module has been reconstructed (Table 25).

Table 25 Assessment of BSOD programme modules

internal / external	country	BSO	status	module	relevance	effect	efficiency	expenses (in EUR)	over- / underspending	output
CBI	Vietnam	ITPC	public	SP	+	+/-	+/-	393.000	+4.5%	
CBI		ITPC		EMM	+	+/-	--	549.000	+29%	40-50 advisors trained
CBI		ITPC		MI	+	+/-	-/+	492.000	+12%	portal launched; MI strategy development
CBI	Philippines	Philexport Cebu	public	SP	+	+/-	n.a.	444.000	+7%	
CBI		Philexport Cebu		EMM	+	+/-	n.a.	495,000		
CBI				MI	+	+	n.a.			
ext.	Vietnam	HCACS	public	SP	+	-/+	n.a.	n.a.	n.a.	
ext.	Indonesia	NAFED/ DGNED/ IETC	public	SP/EMM	--	--	--	808,000	- 39%	
ext.	Indonesia	IETC	public	SP/EMM	+	+	+/-			
ext.	India	TEDO	private	EMM	+/-	-/+	-/+	426,000	- 22%	network of trained local experts; *'Value Magics'* publication; pilot SMEs EMM knowledge
ext.		TEDO		SP	--	--	--	301,000		7 coordinators trained
ext.		TEDO		MI	+	-/+	-/+	299,000		20 ready-to-use market reports, MBA syllabus
ext.	Peru	PROM-PERU	public	SP	+	+	-/+	478,000	+8.7%	
ext.	Peru	ADEX	private	SP/ EMM	+	--	+/-	842,000	- 4.3%	
ext.	Bolivia	CANEB	private	SP/ MD	+	+/-	-/+	966,000	+10%	
ext.	Bolivia	IBCE	private	SP/ MI	+	+	+	814,000	- 7.5%	
ext.	Ecuador	Corpei	public	MI	+	--	--	n.a.	+3.5%	

Legend: + = good; -- = bad; n.a.= not available.
Source: CBI regular evaluations.

The first column indicates the information source, either an evaluation / peer review conducted by CBI experts, or an evaluation conducted by an independent external organisation. The second and third columns mention the beneficiary country and beneficiary name. The 'status' column indicates whether the BSO is a publicly or privately administrated organisation. The modules delivered to the BSOs are mentioned in the following column.[167] This is followed by an assessment of the relevance, effectiveness, and efficiency of the respective modules. The expenses and the overspending and underspending, respectively, is mentioned in the following columns (in some cases no details per module were available, which is why integrated expenditures per programme are listed instead). The outputs, to the extent that they are available, and not always in full, have been summed up in the final column.

Modules that either severely underspent or overspent were nevertheless implemented. Both can point to either poor planning or inefficient programme delivery. The latter is believed to be the most likely case. Also, an examination of the expenditures against the delivered outputs suggests that programme delivery could have been more efficient. In the case of IPTC the average costs of a trained local consultant were at least EUR 11,000, which is rather expensive for the type of training delivered. Also the seven coordinators trained in the TEDO strategic planning module were trained for an average cost of EUR 43,000, which is not a sign of efficient programme delivery.

An unknown number of local experts were trained in the TEDO EMM module, which costed EUR 426,000, and a publication written by the CBI expert and local consultant[168] was financed from the budget. Furthermore, some pilot SMEs have been equipped with EU export marketing and management knowledge. The market information module, costing EUR 299,000, has delivered twenty ready-to-use market reports, an MBA syllabus, and access to EU market information from a CBI database. The cost for this seems high, if you consider that these are no tailor-made products but outputs of other CBI products. The actual expenditures for the MI module delivery at Philexport went over budget by 12%. This was caused by additional efforts, i.e. two additional missions for two external experts, to make the achieved results more sustainable.

167 The exact results achieved by a BSOD programme will depend on the particular organisational needs of the BSO, as well as the country and sector needs. These needs are assessed during the programme's preparatory phase. In this stage, one or more of the four available BSOD modules are identified that would best address these particular needs. These modules should be seen as focus areas of the BSOD intervention. They are adapted to the needs of each particular BSO, and are not standard 'one-size-fits-all' solutions. A module can span a period of three to five years.

168 It is not clear if the publication (titled '*Value Magics*') should be considered as part of the external experts' assignment. This is but one example of a situation in which a CBI expert, besides having a contract with CBI, is also personally involved in business activities related to the CBI assignment. Another example is the expert that starts to become the EU importer for a company, which was selected into the ECP programme by the expert him/herself. This seems to be undesirable, as it triggers potentially adverse effects.

As for the modules that underspent, the evaluator concluded that these interventions could have been implemented in a more efficient manner if the difference between the budget and the expenditure had been used to train more experts and facilitate a close and strong partnership agreement between locally supported Indian beneficiaries. One year after the completion of the programme, at the time of the evaluation, this partnership was still unofficial.

NAFED also underspent, to the tune of 40%. It suggests that the programme might have had more impact if it could have used the remaining budget to develop more activities for people from NAFED and IETC, consult and coach more Indonesian SMEs, or even support one or two potential SMEs to export to EU markets. Unfortunately, the evaluation team was unable to obtain any information on the cancelled activities. No document is available, and according to in-depth interviews, no activity was reported as cancelled. Due to the unavailability of an expenditure breakdown for either the modules or the BSOs, it was not possible to arrive at any kind of specific conclusion on the efficiency of the programme.

The support of the (privately organised) IBCE, on the other hand, is an example of an effective and efficiently run intervention, in part thanks to the commitment and ownership of the programme by the beneficiary. Targets were achieved despite spending being 7.5% under budget. This is an example of the efficient use of resources by both IBCE and CBI, who prioritised interventions that could have greater impact, and when possible hired a local consultant that worked at IBCE for much less than a European consultant would have cost.

There was a solid balance between strategic activities for capacity development and technical assistance for the market information module. Implementation took one year longer than originally programmed. Additional time was necessary, mostly to complete the programme and to fine-tune some of the results from completed activities.

Due to changes in the accounting system of CBI, the evaluators did not have access to the information that would have allowed a detailed comparison of the budgeted amounts and expenditures by module and by activity in each BSO. However, in general terms, and based on the achieved effects, it appears that the amounts spent in CANEB and ADEX were the largest, but at the same time, these BSOs were the ones with more mixed results.

6.5 Conclusions

- The increase of trade promotion organisations means the relevance and additionality of interventions are now at stake, because good coordination between service providers is often lacking, and this has led to a suboptimal division of tasks. The relevance of technical assistance to BSOs depends very much on the beneficiaries' mandate. Their financing is often not secure and their choice of personnel is often politically motivated. Generally, the BSOD interventions reviewed were considered to be relevant.
- The effects of the technical assistance provided to BSOs is hard to measure accurately, given that the quality standards set by MFA and CBI are too general. Anecdotal and observable evidence produces a mixed picture of the BSOD programmes' effectiveness. Evaluations indicate that more focused sector-oriented BSOs, which can play a key role in facilitating and mobilising a network of local experts to promote export, seem the most likely candidates to have an impact. The assumed effectiveness is not underpinned by strong facts or metrics.
- The use of newly acquired competences is less obvious at the BSO level, since CBI interventions are predominantly an investment in individual development rather than in organisational development.
- There is no evidence that the assumed improved service delivery by supported BSOs to client exporters also leads to increased export turnovers for these clients. Since most anecdotal and observable evidence does not point towards the claimed effect, stronger facts or metrics that would underpin the opposite still need to be presented.
- Due to a lack of reliable and valid programme monitoring data, there is still substantial empirical uncertainty regarding efficiency. Based on what we know about the programme costs and outputs, we conclude that the implementation of the BSOD programme generally lacked efficiency, both from an institutional and programmatic perspective.
- From a programme management perspective, we conclude that the lack of data severely hampers attempts to monitor and steer programmes in the desired direction.

Annexes

Annex 1 About IOB

Objectives

The Policy and Operations Evaluation Department (IOB) aims to contribute to knowledge of the implementation and impact of Dutch foreign policy. IOB meets the need for independent evaluation of policy and operations in all the policy fields of the Homogenous Budget for International Cooperation (HGIS). IOB also advises on the planning and implementation of evaluations falling under the responsibility of the policy departments of the Ministry of Foreign Affairs of the Netherlands and its embassies.

IOB's evaluations enable the Minister of Foreign Affairs and the Minister for Foreign Trade and Development Cooperation to *give account* to Parliament for their policies and for resources spent. In addition, the evaluations aim to contribute to *learning* by formulating lessons and options for policy improvements that can be incorporated into the ministry's policy cycle. Insight into the outcomes of implemented policies allows policymakers to devise new policy interventions that are both more effective and better targeted.

Organisation and quality assurance

IOB has a staff of experienced evaluators and its own budget. When carrying out evaluations, IOB calls on specialist knowledge from external experts with knowledge of the topic under investigation. By way of quality control, IOB appoints an external reference group for each evaluation, which includes not only external experts, but also relevant policy-makers from the ministry and other experts. Moreover, for each evaluation IOB appoints several of its own evaluators to act as peer reviewers. IOB's *Evaluation policy and guidelines for evaluation* are available on the website *www.iob-evaluatie.nl*, hard copies can be requested through the IOB secretariat.

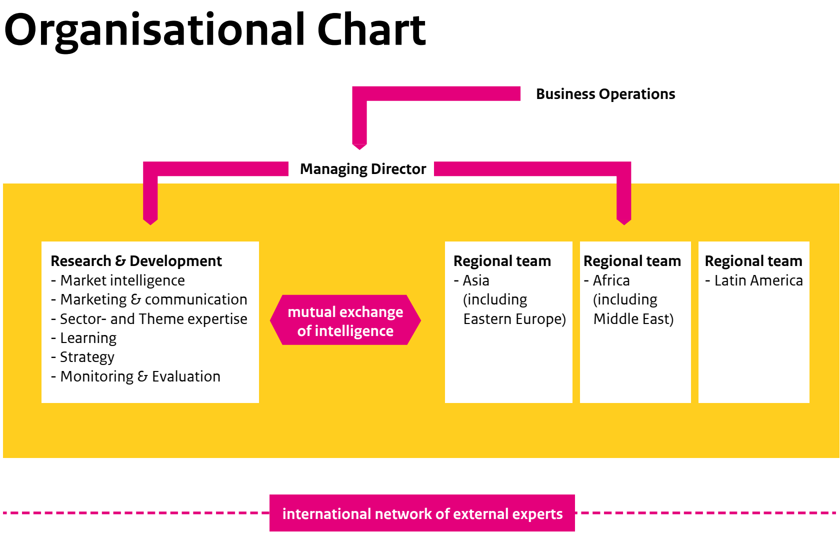
Evaluation programming

IOB consults with the policy departments to draw up a ministry-wide evaluation programme. This rolling multi-annual programme is adjusted annually and included in the Explanatory Memorandum to the ministry's budget. IOB bears final responsibility for the programming of evaluations in development cooperation and advises on the programming of foreign policy evaluations. The themes selected for evaluation respond to requests from the ministry and Parliament and/or are considered relevant to society. IOB actively coordinates its evaluation programming with that of other donors and development organisations.

Approach and methodology

IOB aspires to relevance, high quality and methodological innovation. Whenever possible, the research applies both quantitative and qualitative methods leading to robust impact evaluations. IOB also undertakes systematic reviews based on empirical results relating to priority policy areas. IOB has extended its partnerships with evaluation departments in other countries, for instance through joint evaluations and evaluative knowledge exchanges, undertaken under the auspices of the OECD-Development Assistance Committee Network on Development Evaluation.

Annex 2 Organisational chart of CBI



Source: CBI (2013a: 60).

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Annex 4 Interviewees

Name	Function
	CBI
Mr Ton Lansink	Former Director CBI (2002–2008)
Mr Hans Klunder	Former Director CBI (2008–2014)
Mr Dick de Man	Deputy Managing Director CBI (CBI since 1995)
Ms Henrique Postma-Hazelaar	Programme manager 1040
Ms Melanie Haga	Programme manager 1039/38/34
Mr Cor Dieleman	Programme manager 1028/29/36
Mr Wim van Heumen	Programme manager 1031/43
Mr Jan Oude Eferink	Expert 1028
Mr Arjan Hock	Expert 1030
Mr Lazlo Klucs	Expert 1030/1032
Ms Aileen Brindle	Expert 1040
Mr Jan Ramakers	Expert 1043
Mr Bouke van de Pol	Managerial controller CBI
	MFA
Mr Ad Lansu	Senior account advisor (DDE[169]/ CU[170])
Mr René Rotteveel	Controller DDE/CU
Mr Sjoerd Smit	former account advisor CBI at DDE
Ms Henny de Vries	Account advisor CBI at DDE
Mr Menno Zijlstra	Accountant The Central Government Audit Service
	RVO
Mr Robert Dijksterhuis	Director at the Netherlands Enterprise Agency (RVO)

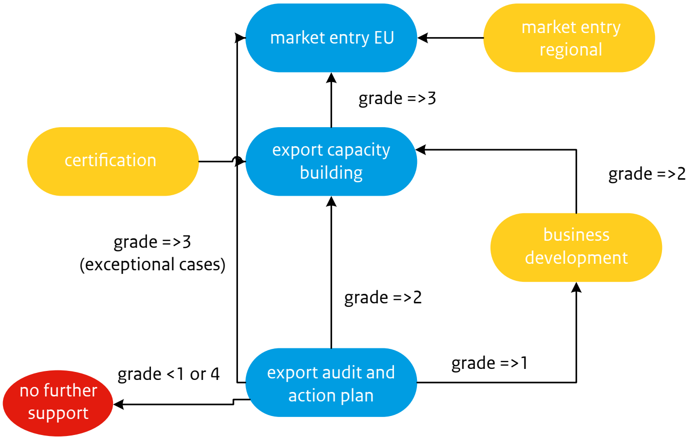
169 Sustainable Economic Development Department.
170 Control Unit.

Annex 5 Evaluations by CBI

Recent CBI evaluations		
Year	**Interventions evaluated**	**Some details of the evaluations**
2009	4 BSODs	Support programmes in Vietnam, East Africa, Philippines and Jordan
2011	5 ECPs	ECPs in the areas of mobile equipment parts, engineering products, subcontracting, medical devices and laboratory equipment, and pharmaceutical products, which received extremely high satisfaction ratings from participants
	3 ECPs	IT Outsourcing, Business Processes Outsourcing, Timber and timber-related products
	2 BSODs	2006-2009 assistance to Corpei Ecuador; assistance to IBCE Bolivia
2012	3 ECPs	Three ECPs finalised towards the end of 2012 in the areas of outerwear (Macedonia), food ingredients, and home decoration, accessories & gifts
2013	2 BSOD programmes	Asia (India, Indonesia and Vietnam) and Latin America (Bolivia and Peru)

Source: CBI annual reports and various evaluation reports.

Annex 6 Working Instruction Export/ Business Audit for ECPs



Source: CBI, Working Instruction Export/Business Audit for ECPs.

The figure illustrates the modus operandi of an ECP. Every company that receives export coaching from CBI is audited on various (clusters of) aspects. The working instruction provides insight into the relation between the audit and the various modules of an ECP.[171] The audit scores determine which intervention pathway to offer the company. The working instruction underlines that the intervention does not focus solely on decreasing information asymmetry, but also reaches out to business development in general. Moreover, the figure also shows that CBI targets companies with a broader range of needs, since beneficiaries' scores on critical clusters lie in the range of grades 1-4.[172]

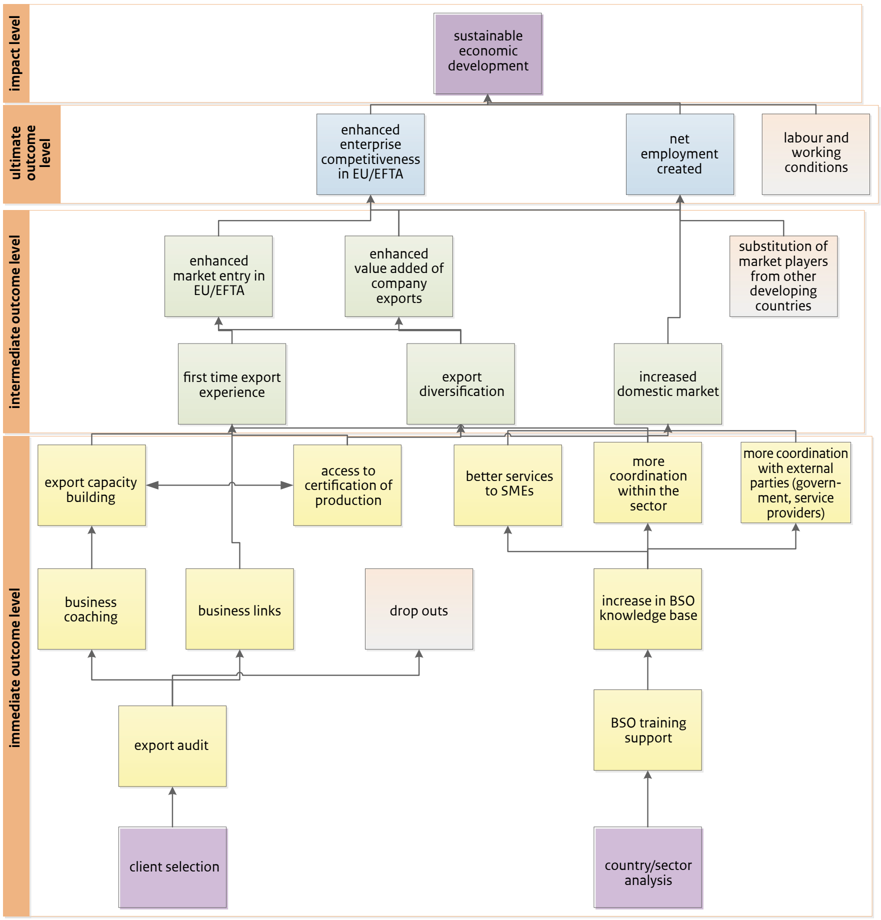
According to advocates of a more strict interpretation of CBI's mission, the audit was only meant to be a selection tool. Instead, the audit has become a diagnostic tool based on which action plans are being developed in order to address these companies' weaknesses.[173] Advocates of this view argue that if these weaknesses should be addressed in order to include a company in the programme, CBI should leave it to local companies to provide such support. According to those that believe CBI's main mission is to reduce information asymmetry, CBI should have been more selective when choosing its beneficiaries, only taking companies on board that were on the brink of exporting to the EU, since CBI is explicitly not meant to be a development organisation. Consequently, this line of reasoning also *ex ante* denied the potential effectiveness of the CBI programme in least-developed countries. Nevertheless, advocates of this vision were unsuccessful.

171 These modules are export audit and action plan, business development, export capacity building, certification, and market entry regional/EU.

172 A similar argument about a broad strategy approach can be upheld for interventions within the BSOD programme, in which a wider variety of organisations (including, for example, government export departments, chambers of commerce, or trade/sector associations) have been supported.

173 One interviewee specifically typifies this development as 'mission creep'.

Annex 7 Reconstructed intervention logic of ECP and BSOD programmes



Annex 8 Result chain private sector development policies 2005-2012 (reconstruction by IOB)

Input MFA	Channel	Thematic clusters	Instruments/ programmes	Activities	Output	Outcome	Impact	
		Infrastructure (EUR 1.171 bln.)	ORET, FMO-IDF, PIDG, ORIO	Co-financing local infrastructure. Delivery of capital goods and technology.	Roads, bridges, harbours, electrification, hospitals, water & sanitation, irrigation, telecom.	Better access of infrastructure. Reduced transaction costs.	Higher investments (national and FDI)	Economic growth & reduced poverty
Financial means (ODA)	Bilateral	Financial sector (EUR 736 bln.)	FMO-MASSIF, NIPP, GTLP, FMO-CD, TCX	Financing and support of financial intermediaries. Development of innovative financial services. Advisory services financial law and regulations.	More widespread and improved financial service delivery. New financial products Financial sector reforms.	Better acces (innovative) financial services.	Stronger companies	
	Companies and NGOs	Market development (EUR 550 bln.)	CBI, IDH, Solidaridad, IFDC	Advisory services on products/services and production methods. Developing partnerships for sustainable market chains.	Reports on products and production processes. Market chain partnerships.	Improved production, production processes and marketing.	Better jobs Productivity increase	
Human capacity (FTE)	Multilateral	Knowledge transfer (EUR 615 bln.)	PSOM/PSI, PUM, Agriterra, Woord en Daad	Co-financing of joint ventures. Analysing business processes. Financing vocational education. Supporting producer organisations.	Joint ventures. Company advises. Trained employers and employees. Better organised producer organisations.	Innovative production. Improved entrepreneurship. Stronger social dialogue.	Better company results	
		Law and regulation (EUR 60 mln.)	Bilateral programmes in Bolivia, Rwanda, Zambia, etc. IFC Africa	Analysis of business climate constraints. Technical assistance to (local) governments.	Reports, proposals, seminars, aimed at law and regulatory reform.	Law and regulatory reforms (indicator: Doing business scores)	Less informal economy	

Annex 9 Brief description CBI evaluation framework

CBI evaluates its programmes, the results of which are judged according to the defined result indicators of the programme interventions. The relevance and quality of these indicators are not at stake during these regular evaluations. CBI (result/effect/impact) programme indicators have been formulated to serve two goals: (1) project monitoring (content), and (2) project administrative purposes (*ex ante* price-setting mechanism). The CBI *Programme Management Manual* lists some key performance indicators (KPIs) per intervention area at both the output and outcome levels.[174] These KPIs are presented in the table below. However, this set of indicators was defined in 2012, whereas the period under evaluation is 2005-2012. Hence, it would not be fair to assess the CBI interventions on the basis of these indicators if they were not used in the preceding years as well.

Table A Key performance indicators per intervention area

Intervention Area	KPIs	Measured by
ECP (Exporters)	• # of competent exporters • # of exporters that have established number of relevant business contacts with EU/regional importers • increase in exports (outcome indicator)	• internal audits & external client satisfaction surveys • external exporters survey
BSOD (Chain supporters)	• # of clients of BSOs that use related service (uptake) • increase in exports (outcome indicator)	• internal reporting/assessments • external client satisfaction surveys
Policy (Chain influencers)	• # of improved trade policies • increase in exports (outcome indicator), if relevant[175]	• internal assessment • documentation or exporter surveys
Importers	• # of ongoing partnerships with BSOs in target export markets • increase in exports (outcome indicator), if relevant	• external exporters survey • external exporters survey

Source: CBI (2012b: 22).

174 CBI (2012b: Table 4 and Annex 8).

175 Policy as well as importer projects may not necessarily contribute directly to outcome (i.e. export), but only support the efforts of other (e.g. ECP) projects. In these cases, no increase in exports needs to be reported.

Actually, a different, though partially overlapping set of indicators was defined earlier.[176] This set includes indicators on the so-called 'result', 'effect' and 'impact' levels, which were formulated with the introduction in 2006 of the *ex ante* price system.[177] Table B gives an overview of the 'quality indicators' that were formulated for ECP and BSOD programmes, as well as indicators for market information and training. Norms have been specified for these indicators.

Table B Quality indicators per intervention area and level

Intervention area	'Result' *(capacity transfer)*	'Effect' *(use of capacity)*	'Impact' *(effect of use of capacity)*
ECP (Exporters)	• Sufficient score (i.e. at least 2 on a scale of 4) for the clusters of the CBI export audit. • Export marketing plan that reflects knowledge of EU/EFTA markets and export marketing. • Sufficient # of relevant business contacts in the EU market and demonstrated skills and experience in product marketing.	• # of businesses with demon-strated exports to the EU/EFTA.	• Total additional exports to EU/EFTA one year after completion of the CBI intervention. • Total additional exports to non-EU/EFTA from the start of the CBI intervention until one year after its completion. • Additional number of jobs measured from the start of the CBI intervention until one year after its completion.
BSOD (Chain supporters)	• Certification of transfer of competences.	• Use of competences.	• Users/clients of the services provided by BSOs judge that they receive a better service provision than they received prior to the support given by CBI.
Market information	• # of received units of market information.	• Received market information actually read.	• Usefulness of received market information. • Enhanced knowledge of EU export market.
Training	• More insight and knowledge of exporting.	• Use of insight and knowledge.	• Additional exports or more effective service provision.

Source: CBI (2007), Memorandum of 16 November 2007; CBI (2008) Memorandum of 31 March 2008; see also EIM (2012c).

[176] This set is documented in a Memorandum from CBI to DGIS dated 16 November 2007.
[177] Memorandum from CBI to DGIS dated 16 November 2007; Memorandum from CBI to DGIS dated 31 March 2008. The three levels appear to be equivalent with the output, outcome and impact levels in a results chain.

Annex 10 Enabling trade dimensions – country scores

Sources: The Enabling Trade index, CBI.

The amount spent on ECPs is represented by the size of the blocks. The colour of the blocks represents the assessment on the ETI dimension 'market access'. Countries marked in green have good prospects for accessing markets, while the prospects for those marked in red are generally judged to be unfavourable. The orange-coloured countries hover in between. Each block further indicates the country name, followed by the CBI country group indicator (exit, PSD, transition, and focus countries), the country income group (lower-income country, lower-middle-income country, upper-middle-income country,), and the assessment on the ETI dimensions 'infrastructure' and 'operational environment'.

Annex 11 Employment effects reviewed

		CBI testimonials			Reassessment
Programme	Description	Employment increase	Competent exporters	Increase per competent exporter	Employment Increase
1028	Mobile equipment parts	1,270	30	42	660
1029	Engineering products	861	32	27	640
1030	Medical devices and laboratory equipment	343	37	9	343
1031	ITO	836	38	22	570
1032	BPO	-100	10	-10	-100
1034	Pipes and process equipment	4,051	47	86	2,714
1035	Outerwear	-1,533	21	-73	-1,533
1036	Sub-contracting castings and forgings	593	38	16	593
1037	Food ingredients	0	29	0	0
1038	Personal and protective equipment	373	25	15	n.a.
1039	Office and school supplies	349	47	7	-159
1040	Home decoration accessories and gifts	2,303	44	52	14
1043	Pharmaceutical products	89	27	3	89
Total		**9,435**	**425**	**22**	**3,831**

Source: CBI regular evaluations, IOB survey.

According to programme management information obtained from CBI, which has been collated in this annex, there have been substantial job increases in 'pipes and process equipment' , 'home decoration accessories and gifts' and 'mobile equipment parts'[178], while the 'outerwear' programme in Macedonia has suffered major job losses.[179] Another regular ECP evaluation indicated that the total number of jobs attributed by 31 respondents was 471 (an average of 15 per enterprise), but a disclaimer stated that more than 110 additional jobs were reported by one company, so the average number of jobs per company was exaggerrated.[180]

178 This number seems to be rather high bearing in mind the discussion on the trade-off between market destinations, which suggests there has not been an increase in funds.

179 The evaluation of 'business process outsourcing' (1032) concluded that at the end of the programme in 2009, all companies had to reduce the size of their staff as a result of the economic crisis. By contrast, the evaluation of the ITO programme (1031) suggested that the programme has had a positive and quite significant impact.

180 EIM 2011/2012.

Annex 12 Benchmark methodology

The following set of criteria has been used to identify and assess the appropriateness of potential benchmark organisations:

- Organisation promoted imports from developing countries between 2005 and 2012 (required);
- Operational focus of the import promotion programme is on individual businesses in developing countries (required);
- Import promotion programme aims to increase exports (end or intermediate goal) (required);
- Organisation has data available on (the development of) export turnover of supported businesses in developing countries (required);
- Organisation has similar import promotion strategy to CBI, including technical assistance/ coaching of individual businesses, dissemination of market intelligence, etc. (preferred); and
- Import promotion programme has similar sector and geographical focus (preferred).[181]

These criteria were applied to all member organisations of the Trade Related Instruments Connected (TRIC) network, known as the TRIC partners, in accordance with CBI advice.[182]

The activities of these organisations were screened on the basis of their websites and annual reports. Some organisations were contacted with requests for additional information. Our conclusion was that all IPOs, except VIRKE, have promoting imports from or private sector development in developing countries as one of their goals, but the strategies that most of these organisations employ to reach these goals are different from CBI's.

The Swiss Import Promotion Programme matches the criteria and shows the greatest resemblance to CBI's export coaching programme. The programme works in similar sectors as CBI, i.e. jewellery, agricultural and forestry products, fisheries, vehicles, and electronics (see Box 9 below).

A second comparable organisation, the Trade for Development Centre, a programme of the Belgian Development Agency, meets the three required criteria but was not able to provide information on the outcome of their activities in terms of increased exports. The sector focus is also slightly different from CBI, with a major focus on (small) agricultural businesses and no industrial products at all. Even so, TDC is included in the benchmark for the purpose of comparing the cost structures of the IPOs and their approaches to export promotion.

[181] If a criterion is 'required', this means organisations have to meet it to be able to serve as a benchmark for CBI. If a criterion is 'preferred', a higher score on this criteria means higher eligibility.

[182] Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ), Import Promotion Desk (IPD), Swiss Import Promotion Programme (SIPPO), Finnpartnership, The Enterprise Federation of Norway (VIRKE), Trade for Development Centre (TDC) and Chamber Trade Sweden.

Box 9 *Swiss import promotion programme*

The Swiss Import Promotion Programme (SIPPO) is an instrument of economic development cooperation, under the responsibility of the State Secretariat for Economic Affairs (SECO) of Switzerland. It was founded in 1985 to promote SMEs' access to Swiss and EU markets. SIPPO operated independently in its first decade, but was integrated into Switzerland Global Enterprise in 2007 and 2008. This is also the dedicated agency that promotes Swiss exports abroad and tries to attract inward foreign investments.

SIPPO's operational focus during most of the evaluation period was on bringing individual businesses to the European market, via trade fairs and coaching. The target group consisted of small and medium-sized businesses on the verge of export-readiness. SIPPO's products – training, matchmaking, and market information – closely resembled CBI's. However, as recommended in the 2011 evaluation report, SIPPO has started to move away from increasing individual businesses' competitiveness towards building the capacity to support local business and promoting market development. This change is being implemented gradually, as shown by the 2012-2015 Performance Contract. Two new approaches are added to the portfolio in this new contract: 'systemic market development' and 'country pavilion'. These approaches, which were first developed in pilot projects, are now being incorporated into SIPPO's modus operandi. Even so, a considerable share of the budget (40%, according to the 2012-2015 Performance Contract) is still awarded to the traditional 'SIPPO Pavilion' approach, which bears the most resemblance to CBI's Export Coaching Programmes in the evaluation time frame. Also, bearing in mind that CBI has started out on a similar path towards more systemic interventions, this gradual development towards more systemic interventions does not stand in the way of a meaningful comparison.

Additional information on cost drivers has been gathered and analysed, in order to analyse and explain variations in cost-per-unit between TPOs:

- scale of operations (TPO annual turnover, number of simultaneous programmes, number of beneficiary companies per programme);
- geographical spread of operations (number of countries per programme/sector, weighted average travel distance per programme);
- target group characteristics (average amount of employees and turnover per beneficiary; % of beneficiaries with export experience at programme entry); and
- programme characteristics (average programme duration, average number of fair visits per programme, average number of personal visits to beneficiaries per programme).

Annex 13 Literature overview of impact studies on export promotion

Annex 13 Literature overview of impact studies on export promotion

Author and date of publication	Country	Type of assistance	Method	Positive effect on export turnover?	Positive effects via intensive and extensive margin?	Other effects:	Identified key success factors
Lederman et al. (2010)	Multiple	Export promotion agencies in 103 countries.	Cross-country regression	**Significant**	NA	- There are notable decreasing returns to scale in resources devoted to export promotion.	EPAs are more effective when: - They support firms that produce heterogeneous goods; - When trade barriers are high; - A large share of the EPA's budget is publicly funded; - A large share of the executive board consists of private sector actors.
Cadot et al. (2012)	Tunisia	FAMEX: matching grant (50% co-finance of export business plan). 60% of funds were spent on market information and market entry. The rest on product development, organisational development, or foreign subsidiaries.	Double Difference and PSM	**Significant**	Existing markets: **NA** New products: **Significant** New countries: **Significant**	- Effects on intensive margin are not durable (disappear after three years); - Effects on extensive margin are durable; - Diversification does not reduce the volatility of the export turnover; - The FAMEX programme did not lead to significant positive spillover effects.	- Firms that seek to enter new markets or develop new export products benefit more than firms that seek to increase exports in existing markets with existing products; - Activities focused on acquiring market information and on market entry seem to be more effective than product or firm development, or setting up foreign subsidiaries.
Volpe Martincus and Carballo (2008)	Peru	PROMPEX: offers training on the export process, marketing, and business negotiations; provides information on trade opportunities and dissemina-tes analyses on country and product market trends; provides technical assistance; coordinates and supports (and in some cases co-finances) firms' participation in international trade missions and trade shows.	Double difference and PSM	**Significant**	Existing markets: **Insignificant** New products: **Significant** New countries: **Significant**	NA	NA

Annex 13 Literature overview of impact studies on export promotion

Author and date of publication	Country	Type of assistance	Method	Positive effect on export turnover?	Positive effects via intensive and extensive margin?	Other effects:	Identified key success factors
Volpe Martincus and Carballo (2010a)	Colombia	PROEXPORT: offers and (co-) finances trainings, counselling, information, trade fair assistance, trade missions, and match-making services.	Double difference and PSM	**Significant**	Existing markets / products: **Significant** New products: **Significant** New countries: **Significant**	- Individual services only have a significant effect on extensive margin, while bundled services also have a positive effect on the intensive margin.	- Firms that simultaneously receive counselling, participate in international trade missions and fairs, and get support in setting up an agenda of commercial meetings exhibit higher growth in total exports and the number of countries they export to than comparable firms that only join one or a combination of two of these activities.
Volpe and Martincus and Carballo (2010b)	Chile	PROCHILE: training in market research, logistics, banking, international law, and business plans, and market intelligence services. Specialised counselling and technical assistance on how to access specific markets, coordinates and, in some cases, co-finances firms' participation in international trade missions and trade fairs.	Fixed effects and quintile treatment effects	**Significant**	Existing markets / products: **Significant** New products: **Insignificant** New countries: **Significant**	NA	- Smaller and relatively inexperienced firms, as measured by their total exports, benefit most from promotion actions.

Annex 13 Literature overview of impact studies on export promotion

Author and date of publication	Country	Type of assistance	Method	Positive effect on export turnover?	Positive effects via intensive and extensive margin?	Other effects:	Identified key success factors
Volpe Martincus and Carballo (2012)	Costa Rica	PROCOMER: Training and counselling on the export process; market intelligence; coordinates and co-finances the participation of Costa Rican firms in international trade missions, fairs, and shows; arranges foreign buyer missions; and sponsors the creation of consortia.	Double difference and PSM	**Significant**	Existing markets / products: **Insignificant** New products: **Insignificant** New countries: **Significant**	NA	- No significant effects on firms that sell homogenous goods; significant effects on firms selling differentiated goods.
Volpe Martincus et al. (2012)	Argentina	EXPORTAR: training on the export process; market intelligence; organising and co-financing the participation of Argentine firms in trade fairs, exhibitions and missions; arranging meetings with potential foreign buyers; and supporting the association of small companies to operate more effectively in external markets.	Fixed effects	**Significant**	Existing markets / products: **Insignificant** New products: **Insignificant** New countries: **Significant**	NA	- Export promotion did not significantly affect the export turnover of large companies (> 200 employees). - Medium (between 50 and 200 employees) and small companies (< 50 employees) benefit most from export promotion. - Medium companies benefit more than small companies.
Görg et al. (2008)	Ireland	IDA: grants for investments in physical capital, training or technology with the aim to increase international competitiveness.[183]	Double difference + PSM	**Significant**	NA	- Insignificant effect on the propensity to start exporting.	- The larger the grant, the more likely it will increase a firm's exports.

[183] 'Projects suitable for assistance had to either involve the production of goods primarily for export; be of an advanced technological nature for supply to international trading or skilled self-supply firms within Ireland; and/or be in sectors of the Irish market that are subject to international competition' (Görg et al., 2008: 4-5)

Annex 13 Literature overview of impact studies on export promotion

Author and date of publication	Country	Type of assistance	Method	Positive effect on export turnover?	Positive effects via intensive and extensive margin?	Other effects:	Identified key success factors
Gil et al. (2008)	Spain	Regional export service agencies all over the world assisting Spanish firms with economic, legal and taxation information, finding and managing third party funds, searching for suitable partners and locations, assistance with administrative procedures, identification and initial selection of staff in the target area, and search for premises and available industrial land.	Fixed effects	**Significant**	NA	NA	NA
Bernard and Jensen (2004)	United States	State export promotion.	Fixed effects and GMM first differences	**NA**	Existing markets / products: **NA** New products: **NA** New countries: **Insignificant**	- Insignificant effect on the propensity to start exporting.	- Export promotion does not seem to be effective in helping large companies to start exporting.
Cruz (2014)	Brazil	APEX: Matching domestic sellers and foreign buyers (e.g. through participation in trade fairs) and providing standard information on foreign markets.	Double difference + PSM	**NA**	Existing markets / products: **NA** New products: **NA** New countries: **Significant**	- Significant positive influence on the propensity to start exporting.	- Export promotion did not help large firms to become exporters. - Export promotion did help micro, small and medium-sized firms to become exporters.

Annex 13 Literature overview of impact studies on export promotion

Author and date of publication	Country	Type of assistance	Method	Positive effect on export turnover?	Positive effects via intensive and extensive margin?	Other effects:	Identified key success factors
Creusen and Lejour (2011)	Nether-lands	Netherlands Business Support Offices, embassies, consulates, and foreign affiliates of bilateral chambers of commerce in 50 most important trading countries and trade missions organised by the government or by the sector.	Random effects model	**Significant**	Existing markets / products: **NA** New products: **NA** New countries: **Significant**	NA	- All instruments except missions organised by specific sector have a significant effect on export probability. - Effects of trade missions and NBSOs on export volumes are larger in middle-income countries, than in high-income countries. - Firms follow a stepping stone approach for reaching markets further away (physically and culturally).
Schminke en van Biesebroeck (2013)	Belgium	Flanders Investment and Trade.	Fixed effects	**Significant**	Existing markets / products: **Significant** New products: **Significant** New countries: **Significant**	- Significant positive influence on the propensity to start exporting.	- Export promotion is most effective in increasing the propensity for hard-to-reach destinations, for firms without export experience, and for small firms.

Annex 14 Evaluation matrix

Annex 14 Evaluation matrix

Evaluation questions	Operationalisation / indicator(s)	Literature review	Document analysis	Interviews	Survey	Case study	Benchmark	Source(s) of evidence
Relevance: has CBI been doing the right things?								
Was the programme consistent with international academic literature, findings from evaluations, priorities set by the minister for development cooperation, priorities set by the resident countries of the companies and BSODs?	policy reconstruction, literature review	x	x	x				strategic guidance documents, policy briefs, annual plans, grant agreements
How has the Ministry of Foreign Affairs operated with regard to formulating the assignment, controlling the budget, and informing CBI of changes in policy, as well as monitoring the results agreed upon with CBI?	policy reconstruction		x	x				see above
Could the objectives of the programme have been achieved through other means, e.g. direct support of export promotion agencies?	policy reconstruction			x	x	X		counterfactual, interview and survey data, case study
Effectiveness: is CBI doing the things right?								
How were clients selected? What are the profiles of the selected beneficiaries?	CBI selection process and procedures followed		x	x	x	x		monitoring data collected as part of the programme management process
To what extent did companies increase exports to EU/EFTA as result of the CBI programmes? Which company types did benefit most (company size class, sector, export experience, export share of total turnover, policy context, and country income class)? What is the employment effects resulting from the interventions?	additional export value/ export diversification/ additional jobs		x		x	x		primary survey data, secondary data (e.g. enterprise panel surveys); counterfactual analysis; enterprise level employment figures
To what extent did benefits (exports, jobs) continue after CBI's intervention was completed?	additional export value and jobs/export diversification				x	x		case study, project administration, secondary data (such as large-scale enterprise panel surveys)

Annex 14 Evaluation matrix

Evaluation questions	Operationalisation / indicator(s)	Literature review	Document analysis	Interviews	Survey	Case study	Benchmark	Source(s) of evidence
Besides direct effects, what kind of indirect effects (net income, net output, and net export to other destinations then EU/EFTA) can be linked to CBI interventions? How did these indirect effects contribute to the programme objectives?	net income, net output, net export to outside EU/EFTA		x		x	x		case study, project administration
To what extent did CBI collaborate with other development partners, and to what extent have beneficiaries of the CBI intervention also been assisted by other trade promotion agencies, donors/stakeholders; before, during or after the CBI intervention?	partnerships between CBI and other donors, local service providers, inventory of other company assistance of any kind		x	x	x	x		interview data, strategic documents, project administration, case study, survey
Efficiency: does CBI execute its programmes efficiently?								
How costs per service and per realised extra unit of export value compare to that of other trade promoting organisations?	unit cost of services (e.g. cost price differentials at sector level, cost per additional export turnover)		x	x		x	x	CBI annual (budget) reports, financial allocation and realisations to different types of activity, evaluation of other IPOs

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Workers at a textile factory in Tirupur, India. There are some 7,000 garment factories in the city, providing employment to close to one million people | Atul Loke / Panos Pictures
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CBI-assisted company, Ahmedabad, India ; pipes and process equipment | Peter Henk Eshuis
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Layout: Xerox/OBT | The Hague
Print: Xerox/OBT | The Hague
ISBN: 978-90-5328-477-3

This report presents the findings of the evaluation of the Centre for the Promotion of Imports from Developing Countries (CBI) and its contribution to Dutch Private Sector Development (PSD) policy between 2005 and 2012. The evaluation uses a mixed-methods approach to investigate CBI's sectoral export coaching programme and the business support organisation development.

The report concludes that CBI's sectoral export coaching programmes were relevant, though often insufficient to stimulate companies to start exporting to Europe, mostly due to unclear or misguided targeting of participating companies and target countries. Business Support Organisation Development interventions, on the other hand, were generally relevant, but there is little information on their effect on the PSD goals.

Although CBI operated relatively independently from the ministry during most of the evaluation period, the ministry has already become more prescriptive in what it expects from the organisation. A results-oriented management model with *ex post* transfer pricing and a reinforced monitoring & evaluation system are necessary to further improve CBI's operating efficiency.

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