



Review of Evaluations of Selected Enterprise Development Projects

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Accelerated Microenterprise Advancement Project

Accelerated Microenterprise Advancement Project (AMAP) is a 4-year contracting facility that USAID/Washington and Missions can use to acquire technical services to design, implement, or evaluate microenterprise development, which is an important tool for economic growth and poverty alleviation.

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Development Alternatives Inc. DAI is a global consulting firm that provides social and economic development solutions to business, government, civil society in developing and transitioning countries. Founded in 1970 in Washington, DC, DAI companies now span five continents.



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Abbreviations*

AMAP	Accelerated Microenterprise Advancement Project
AMEX	AMEX International Inc.
AT	Appropriate Technology
ATA	Agribusiness Trade Association
BDS	Business Development Services
CAF	Corporación Andina de Fomento (Andean Development Corporation)
CDIE	Center for Development Information and Evaluation
CLUSA	Cooperative League of the United States
CN	Consultancy Network
DAI	Development Alternatives Inc.
DFID	Department for International Development of the United Kingdom
DIVAGRO	Program for Agricultural Diversification of FUSADES
EDF	Export Development Fund
ESC	Economic Service Center
FDTA-Valleys	Foundation for the Development of Agricultural Technologies
FUSADES	Fundación Salvadoreña para el Desarrollo Económico y Social (Salvadoran Foundation for Economic and Social Development)
GCR	Global Competitiveness Report
GDP	Gross Domestic Product
GNP	Gross National Product
IA	Impact Assessment
ICT	Information and Communication Technology
IDB	Inter-American Development Bank
IEP	Internal Enhancement Plan
IESC	International Executive Services Corps
IFC	International Finance Corporation of the World Bank
IP	Investment Plan
IS	Investment Services
IT	Information Technology
K&P	Knowledge and Practice
KADP	Kosovo Agribusiness Development Program
M&E	Monitoring & Evaluation
MIF	Multilateral Investment Fund of the Inter-American Development Bank

MSE	Micro and Small Enterprise
MSME	Micro, Small and Medium Enterprises
NGO	Non-Government Organization
NPV	Net Present Value
NTAE	Non-Traditional Agricultural Exports
OVE	Office of Evaluation and Oversight
PMP	Performance Monitoring Plan
PROESA	Asociación de Productores y Empresarios Salvadoreños (Association of Salvadoran Producers and Entrepreneurs)
SME	Small and Medium Enterprise
SPS	Sanitary and Phytosanitary
TBDS	Technology and Business Development Services
USAID	United States Agency for International Development
VTP	Voucher Training Program

****Note: Explanations for the acronyms associated with specific programs can be found in Fig.2 and Annex A.***

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The views expressed in this report are those of the authors and may or may not represent the views held by the Microenterprise Development Team at USAID.

Executive Summary

Purpose and Scope of the Review

This report presents the findings from a review of evaluations of enterprise development projects with a business development services (BDS) component.¹ While the evaluations cover a wide range of programmatic issues, the review focused primarily on the question of impact and approaches used to study impacts. It documents evaluation objectives, key issues addressed, methodologies, findings, and lessons for future impact studies.

Criteria for selecting evaluations to include in the review included:

- Program evaluations that have/had micro and small enterprise (MSE) development at least as one of their major objectives (for example, programs that link MSEs to value chains, and/or develop business services markets)
- Evaluations funded or carried out by four donor agencies: USAID, World Bank/IFC, IDB/MIF and DFID (a few other studies were also included).
- Evaluations conducted since 1995 (a few earlier studies were also included)
- Evaluations of a diverse set of private sector programs (e.g. projects focused on agriculture/agribusiness, trade and investment promotion; business development services, market linkages, cluster and value chains; direct firm level assistance, and financial sector reform)
- Evaluations of programs in various geographic regions/areas including Africa, Latin America, Asia, Middle East and North Africa, and transitional economies

The review team identified fifty evaluations and selected 27 for in-depth review that addressed the question of program impact in some manner. This included evaluations of several recently-funded USAID projects that focus on the development of value chains, clusters and competitiveness, to learn more about approaches to evaluating these types of projects. The final set of studies selected covered nine programs in Africa, six in Asia, three in Middle East and North Africa, six in Latin America and the Caribbean, and three in Transitional Countries. A breakdown by donors shows a majority of programs were funded by USAID (19), with four funded by the World Bank/IFC, one by IDB/MIF, two by DFID, and one by another donor agency. Most of the programs focused on BDS or trade and export promotion. The latter group included sub-sector development, cluster development, and/or competitiveness programs.

¹ This study was conducted under the AMAP Business Development Services Knowledge and Practice (K&P) Research Task Order, Component D: "Impact and Other Post-Intervention Assessments" and was funded by USAID/MD/W.

Several programs had multiple components that cut across BDS, export promotion, market linkages, and/or trade categories. This group of evaluations is not complete or exhaustive by any means². However, it seems to reflect much of the work to date on the impact of BDS programs.

Overview

The review included various types of evaluations. Some were mid term or final program or project evaluations covering a range of issues including impacts. Several were cross cutting reviews of particular types of projects (e.g., BDS or trade). Others were project specific impact studies. A few of the studies placed more emphasis on project design than impact, addressing issues such as good practice, soundness of project design, progress towards certain targets, cost, and efficiency. But all addressed the question of impact in some way.

Methodologies

- Very few studies use control groups or time series data that would allow studying change over time and comparison of participants and non-participants. Only three studies had a quasi-experimental design with a before (baseline) and after survey and a control group. Two of these were scopes of work for upcoming impact studies and no results are yet available (AT India and Uganda).
- Of the evaluations using quantitative information (18), a majority were cross-sectional surveys of clients (13) and among them only two used a control group. Sampling was problematic in some of the cross sectional studies. In some cases, the sample was not selected randomly, not representative of the pool of clients served by the program, or was too small. In others, high non-response on impact-related questions or indicators (such as changes in sales, profits or employment) made the estimates and findings unreliable.
- Self-selection was an outstanding issue in all studies, since none of them used random experimental design or corrected for the problem.
- Because most of the quantitative studies did not have a control group or correct for selection bias, attributing change to the intervention was problematic. Several studies attempted to address the issue of attribution by asking clients or other observers whether

² Many evaluations cited in documents or known to exist were difficult to find. Many are not available to the public or accessible on public websites

change (for example a new, higher quality, or larger scale business activity) was a result of the intervention, rather than using more objective indicators. It is unclear how valid or reliable they are.

- Some evaluations did look at overall changes and then attempted to estimate the amount of change that could be attributed to the project. Others did not mention anything about attribution or how they measured it.
- Many evaluations drew primarily on qualitative information. While many of the findings were insightful, the methodologies for obtaining the information were not well documented, which raises questions (legitimate or not) about their credibility.
- Several evaluations focused primarily on the input level and provided more of a critique of the program design and implementation than a systematic look at outputs, outcomes or impacts. In some cases, the projects were complex and for various reasons were not implemented successfully or as planned. In cases where there is insufficient information to establish whether the intermediary output and outcome levels have been achieved, it does not make a lot of sense to focus on impacts. It is important to establish the link between project inputs, outputs and outcomes before moving on to the question of impact.
- Among the evaluations that did focus on impacts, only a few offered a framework or causal model for analysis of impact. In some cases, the framework was elaborated, but not the findings. Other studies discussed changes that occurred, but not how they were related to project activities, outputs and outcomes.
- An often-cited shortcoming was the lack of monitoring and evaluation (M&E) systems in the projects. Some had M&E systems, but were weak in collecting and/or compiling baseline statistics or other monitoring data; others were compiling data on indicators that were unlikely to be impacted by the project. Several documents refer to weak or lack of monitoring and evaluation systems as a shortcoming of the project.
- Some evaluations assessed cost-effectiveness (e.g., Kosovo Agribusiness Development Program (KADP) impact assessment or Sri Lanka's Competitiveness Initiative study), and some presented measures for efficiency and sustainability (e.g. Southeast Europe Enterprise Development Facility (SEED) and the Mekong Project Development Facility (MPDF) studies) while others did not.

Findings

Levels of analysis

Our review of the indicators used in these evaluations shows that the studies examined impact at various levels: (1) BDS market development in terms of commercial viability (e.g. willingness to pay), client satisfaction, market level growth/development, BDS provider level growth/development and MSE integration into BDS markets; (2) product market development including indicators on overall growth and productivity, employment generation, trade, competitiveness and MSE integration into product markets, (3) market linkages; (4) enterprise development including sales, profitability and upgrading; (5) household level impacts; and (6) individual level impacts.

Key findings on impact

The wide range of projects, activities, performance and contexts in these evaluations makes it difficult to draw general conclusions about the impact of MSE and other enterprise development programs. In general, the studies reveal modest levels of change across variables, but the limited number of studies using strong impact assessment (IA) methodologies (quasi-experimental quantitative and well documented qualitative) makes it difficult to attribute change to projects and draw conclusions about impacts. Paradigm shifts over the past ten years that have led to changes in the focus of evaluations further limits conclusions. In light of these constraints, some of the key points that emerged from the review are listed below.

- *MSE performance and growth:* Evaluations show that many of the programs (including those that are focused on developing business service markets, value chains, and clusters) have contributed positively to the growth of MSEs. These results are reflected in increases in the sales, revenues, and profits of firms. Although there are some positive findings in terms of growth in employment in the reviews, the employment impact of the programs generally do not meet expectations or targets.
- *Sub-sector growth:* Studies of enterprise development programs that have a sub-sector focus examine the impact of the program on sub-sector growth as well as enterprise-level growth. Evaluation findings show mixed results at the sub-sector level. In some cases weak project monitoring and evaluation systems made it difficult for the evaluators to assess the project's impact at the sub-sector level.
- *Market linkages:* A number of programs (especially programs that seek to increase exports) address sub-sector constraints by facilitating market linkages, either promoting linkages among producers or linkages between producers and buyers. Evidence presented in some studies show that programs have had some success in facilitating these linkages and that these linkages have been effective in improving firms' sales and profits and

increasing output. However, more can be done in fostering effective business linkages and measuring program impact in this regard.

- *BDS market development:* Evidence presented in several studies indicates that projects that have focused on the development of business service markets in general have provided services that benefit clients and meet their needs. Projects generally have helped to remove internal firm constraints and increased enterprise sales, revenues and profits. In some cases, they also have contributed to the development of the market for business services (increasing the demand for and supply of services) by building local consultant capacity and increasing knowledge of MSE needs and requirements. What has not really been established through these studies is the question of sustainability of the services provided or outreach of business services to the poor. This is an area that clearly requires further investigation.
- *Sustainability:* Many of the studies address the issue of sustainability, but they do not entirely resolve the question of whether project interventions have led to the provision of quality services on a sustainable basis. Sustainability is studied by assessing the extent to which the project activities have stimulated the demand for new or improved services and/or the capacity of the private sector or business associations to provide these services on an ongoing basis. Several studies use willingness to pay as an indicator of the demand for a service. While there is overall consensus that clients should pay, at least part of the cost of business services, the studies do not shed much light on what the market will bear or how much clients would be willing or could afford to pay for services.
- *Policy environment:* Many studies highlight the importance of the policy environment in support of private sector development efforts in project design. Good macro-level policies and stable environments are considered critical to the success and effectiveness of BDS-focused programs, and especially those focused on trade. However, the evaluations do not look systematically at the impact of the policy environment on enterprise growth and development and other impact indicators.
- *Clusters and competitiveness.* Evaluation of initiatives intended to promote the development of competitive business clusters have focused primarily on developed countries so far. Methodologies for assessing the impact of this approach are still being worked out. A pioneering evaluation of USAID's first cluster development project, in Sri Lanka, is discussed below in Annex D.
- *Institutional partners:* Many evaluations focus on the importance of working through business (trade) associations and producer groups, especially those that are responsive to their membership and are effective in promoting MSE access to product, input and service

markets and inter-firm vertical and horizontal collaboration. The studies find the benefits of associations for MSEs to include their potential ability to take advantage of economies of scale in purchasing inputs, sharing market information, policy advocacy on behalf of MSEs, etc. For larger firms working with producer groups or associations, benefits may mean such things as lower transaction and search costs and maintaining quality standards or filling large volume orders.

Conclusions

The findings from this review suggest several ways that future impact studies of enterprise development programs with a focus on micro and small enterprises can be improved.

- Use more systematic and rigorous methodologies
- Conduct IA in the context of broader assessment frameworks that establish the links between project inputs, outputs and outcomes before moving on to the question of impacts. Given the broad range of program activities carried out in the context of enterprise development programs, these intermediary variables (inputs, outputs and outcomes) vary widely and will influence the choice of impact variables to use in a particular impact assessment.
- Focus more on issues related to the integration of MSEs into value chains and clusters.
- Increase attention to program impacts as they relate to poverty reduction.
- Improve dissemination of research and evaluation findings.

Review of Assessments of the Impact Of Enterprise Development Projects

Purpose of the Review

The purpose of this report is to present findings from a review of a sample of available evaluations of enterprise development programs that seek to enhance wealth creation by micro and small enterprises through the provision of Business Development Services (BDS). The review's main objective is to improve our understanding of approaches used to date to capture and document the impact of BDS-focused efforts. The review explores previous evaluations in terms of their objectives, methodologies, indicators used and measured and key findings. It further addresses gaps and lessons that can be drawn to inform future impact studies. This research activity feeds into the AMAP Business Development Services (BDS) Knowledge and Practice (K&P) Task Order Research Plan under Component D, titled "Impact and Other Post-Intervention Assessments". Findings from this study complement an effort, taking place concurrently, to compile an inventory and map out the typology of significant enterprise development programs that have a focus on the provision of business development services to micro, small and medium enterprises (MSMEs). These two research efforts allow us to gain a better understanding of the range of objectives, activities and types of enterprise development programs that serve micro and small enterprises and ways in which the question of BDS impact has been or can be addressed for these projects. In short, the goal is to learn more about the impact of programs with a BDS focus and provide a more solid base and framework for conducting future work in the area of performance monitoring and impact assessment. These and other forthcoming studies and publications under component D are also meant to contribute to the development and advancement of performance monitoring and impact-level indicators and tools for the MSE development field.

Criteria for Selecting Evaluations to Include in the Review

Several criteria were used in selecting evaluations to include in the review. A key criterion was to review evaluations of programs that have micro and small enterprise (MSE) development at least as one of their major objectives, for example programs that try to link micro and small enterprises (MSEs) into value chains, and attempt to develop business services markets, which is a relatively new strategy. Another criterion was to include evaluations of enterprise development programs conducted by four donor agencies: The U.S. Agency for International Development (USAID), The World Bank/IFC, The Inter-American Development Bank (IDB)/Multi-lateral Investment Fund (MIF), and the U.K. Department for International Development (DFID).

Evaluations selected were primarily limited to those that were carried out after 1995. However, in some cases we have looked beyond the original criteria and have included other relevant studies, including a couple of older studies, scopes of work for ongoing evaluation efforts, and one study that was not funded by the four donor agencies. Preference was given to reports that documented the evaluation methodology used, as well as those that paid attention to impact issues. In addition, another consideration has been to review evaluations of a diverse set of private sector enterprise development programs, for example: private sector projects focused on agriculture/agribusiness, trade, investment promotion, and capacity building; market linkages, cluster and value chains, direct firm level assistance, and financial sector reform. Finally, one consideration in the selection of studies was to cover programs that operate (d) in various geographic areas, so evaluations of programs from Africa, Latin America, Asia, Middle East and North Africa as well as transitional economies are included in the review.

Scope of the Review

Approximately fifty evaluations were identified. Among them 27 addressed the question of impact in some manner and were reviewed in-depth. This group included evaluations of several recently-funded USAID projects that focus on the development of value chains, clusters and competitiveness to learn more about approaches to evaluating these types of projects. The number of evaluations reviewed was limited by the timeline of the desk study. The final set of studies selected for examination included evaluations of nine programs in Africa, six in Asia, three in Middle East and North Africa, six in Latin America and the Caribbean and three in Transitional Countries. These programs operated in more than 26 countries across the world. The breakdown of evaluations by donors shows that nineteen were funded by USAID, four by World Bank/IFC, two by IDB/MIF, two by DFID and one by another funding agency. Region and donor breakdown of evaluations/projects reviewed are shown below:

REGION/ DONOR	AFRICA	ASIA	MIDDLE EAST/ NORTH AFRICA	LATIN AMERICA AND THE CARIBBEAN	TRANSITION COUNTRIES	TOTAL
USAID	6	3	3	5	2	19
DFID	1	1				2
WORLD BANK/IFC	2	1			1	4
IDB/MIF				1		1
OTHER		1				1
TOTAL	9	6	3	6	3	27

The Africa programs studied operated in five countries: Ghana, Mali, South Africa, Uganda (3) and Kenya (3). Programs in Asia operated in six countries: Bangladesh (2), Sri Lanka, India, Vietnam and one covering Vietnam, Cambodia and Laos. The three evaluations reviewed from the Middle East and North Africa region were all implemented in Egypt. Studies of programs in the Latin America and the Caribbean region cover seven countries: Bolivia, El Salvador, Guatemala, Honduras, Nicaragua, Panama and Peru and include a couple programs that were regional in scope and coverage. Among studies from transitional countries, one examined a program that operated in the Balkan region (Albania, Bosnia and Herzegovina, the Former Yugoslav Republic of Macedonia, Kosovo, Serbia and Montenegro) one in Bulgaria and another in Kosovo.

Studies include impact assessments, case studies and other types of mid-term or final program or project evaluations and reports.

The sample of studies included in this review is not complete or exhaustive by any means. However, an attempt was made to identify and review as many evaluations as possible within the timeframe of the study, and these evaluations seem to a large extent to reflect much of the work that has been carried out related to the impact of enterprise development programs that include micro and small enterprises to date.

Data Collected for the Study

The background research involved collecting (to the extent possible) the following categories of information for each evaluation:

Figure 1

Categories of information collected from past evaluations:

1. Brief description of project:
 - a. Name of project
 - b. Country/location
 - c. Time frame/duration
 - d. Donor and implementing partner(s)
 - e. Brief description of project objectives, targeted sectors or enterprise types, project activities (characterize as per focus on demand, supply response, enabling environment, or 'x' factors such as entrepreneurship, human capital development, etc.

2. Objectives of evaluation; whether an interim or final (post-implementation) evaluation; audience.
3. Title, date, and author(s) of evaluation.
4. Key questions/hypotheses.
5. Evaluation methodology:
 - a. Timeframe of evaluation
 - b. Who carried it out – internal, external, mixed
 - c. Qualitative/quantitative – survey, focus groups, case studies, etc.
 - d. Basis for establishing a counterfactual: Before-and-after comparisons for program participants? Were controls or other comparison groups used? Were with-without comparisons made?
 - e. Sample size
6. Levels of analysis:
 - a. Related to project performance.
 - b. Related to project impact (market level, enterprise level, household level, individual entrepreneurs).
7. Variables measured
8. Key findings.
9. Use of the findings
10. Notes/comments

Information collected through the review process is categorized and presented in three tables in Annex A of this report.

Projects' Goals, Target Groups, and Activities

Projects evaluated are quite diverse in terms of goals, objectives and activities, but there is a lot of overlap between projects. Projects often had multiple goals, but the most common related to increased economic growth, productivity, and competitiveness (7 projects) and expansion and diversification of trade in domestic and/or international markets (7 projects). Other project goals emphasized employment (5 projects) and income generation (5 projects). Poverty reduction featured as part of several goal statements (4 projects) as did integrating the poor into markets (2 projects). Two projects focused on developing a business service market and two on creating a policy environment more conducive to private sector businesses.

Figure 2: Examples of project goals

Promote SME growth and development	→ Kenya, Micro and Small Enterprise Training and Technology Project (MSETTP)-Voucher Program Kenya, The Kenya Management Assistance Programme (K-MAP) Southeast Asia, The Mekong Project Development Facility (MPDF) Balkan Region, Southeast Europe Enterprise Development Facility (SEED)
Strengthen MSE market Linkages	→ Mali, Strengthening Market Linkages-Crafts Sales Uganda, Facilitating Agricultural Input Distribution Linkages, Appropriate Technology (AT) Uganda India, Development of a BDS Market in Rural Himalayas, Appropriate Technology (AT) India
Generate employment	→ Bangladesh JOBS project South Africa, South African International Business Linkages (SAIBL) Program Kosovo Agribusiness Development Program (KADP)
Promote export growth	→ Uganda, Investing in Developing Export Agriculture (IDEA) project Egypt, Agricultural Technology Utilization and Transfer (ATUT) El Salvador, Program for the Promotion of Non-Traditional Agricultural Exports (NTAEs) Central America, Sanitary and Phytosanitary (SPS)-related programs
Increase domestic and international trade	→ Panama, Trade and Investment Development project (TID) Kenya, Kenya Export Development Support (KEDS)
Improve competitiveness	→ Sri Lanka, The Competitiveness Initiative (TCI) Bulgaria, Firm Level Assistance Group (FLAG) Program Uganda, The Business Uganda Development Scheme (BUDS)
Reduce poverty	→ Bolivia, Market Access and Poverty Alleviation (MAPA) Project Peru, Poverty Reduction and Alleviation Program (PRA) Bangladesh, The Bangladesh Rural Advancement Committee (BRAC) Poultry Programme

- | | |
|----------------------------------|---|
| Improve enabling environment | → Ghana, Trade and Investment Reform Program (TIRP)
Egypt, Agricultural Policy Reform Program (APRP) |
| Promote women’s entrepreneurship | → Vietnam, Training for Women in Micro and Small Enterprises in Vietnam phase 2 (TWMSE2) |

Although in some cases the project is a stand-alone BDS or MSE project, in many instances business services or MSEs are one component of a larger program of activities. Program activities at the firm level included training, technical assistance, counseling, technology, new product development or quality control services to upgrade the production and distribution capabilities of micro, small and medium enterprises, or services to facilitate business linkages, access to financing and information dissemination. Some programs facilitate producer group and cluster formation. Others focus on building the capacity of private sector business service providers (e.g. consultants, training providers or input suppliers). A few projects are concerned with building the capacity of private sector trade and business associations, and government bodies.³

Targeted enterprises: By definition, all of the projects included in this review included MSEs as part of their target groups. The review defined MSEs largely by the number of employees—less than ten employees for microenterprises, ten to 100 employees for small enterprises. Some zeroed in on particular sub-groups of MSEs such as small farmers, poor farmers, small-scale dairy producers, small-scale input suppliers or formally established businesses with premises and assets. Others targeted a broader range of enterprises including MSEs. One project, for example, targeted all enterprises in clusters (including MSEs) linked to targeted sub-sectors with potential for expanding exports. In several cases project activities facilitated the work of producer associations, trade groups or cooperatives that, in turn, provided services and support to member MSEs.

Targeted sub-sectors: The projects targeted MSEs and other enterprises in a wide range of sub-sectors spanning agriculture, manufacturing and services. Few projects targeted MSEs involved in trade, although some worked with large-scale lead firms involved in domestic and export trade.

Many of the projects targeted horticulture and ‘non-traditional agricultural’ exports with potential for involving small producers. Two Egypt projects focused on the privatization of major agricultural sectors such as cotton and rice. A few projects focused on upgrading small farmer dairy production and linking them to growing domestic markets. A number of projects included in the review emphasized the development of business service markets—upgrading

³ For more information on project goals and activities, please see Annex A Table 1 at the end of the report.

input suppliers, training business service trainers and technical advisors and developing commercial business consulting and advisory services.

General Observations

In conducting the background research a number of observations and issues emerged that are noteworthy. First was the difficulty of finding impact studies. This is partly due to the fact that few evaluations of BDS and other MSE development programs have been conducted to date, especially compared to the number of studies that have examined the impact of programs that provide credit to micro and small enterprises. BDS is a relatively young field and is still undergoing innovation, experimentation and evolving in terms of its approach and paradigm. As such, up to now the focus of most evaluations has been more on program design and implementation than impact. The MIF evaluation report, for example, which has studied over 100 BDS projects funded by IDB/MIF since 1994, states that only three impact studies were conducted on its portfolio of programs over this ten-year period and only two of them are available. It also states that other evaluations might exist but no system exists for collecting or tracking them.⁴

In addition to the fact that few impact studies have been carried out on BDS and other MSE enterprise development programs to date, it proved challenging to track down and locate many of the evaluations cited in documents or known to exist. Many of the studies are not available to the public or accessible on public websites. As an example, the MIF evaluation report cited two impact studies and included highlights from them in the report. However, none of the evaluations could be found on the IDB/MIF public website for further examination and more in-depth review. In other instances, references were made to impact studies conducted or sponsored by DFID. Those studies were not available on the DFID website either. A number of evaluations conducted by USAID were also not available through the Center for Development Information and Evaluation's (CDIE) Development Experience Clearinghouse (www.dec.org). More recently, ILO has been posting BDS-related documents including BDS impact studies on its website.⁵ Even though the number of studies available through that site is limited at this time, this is a worthwhile endeavor in that it makes these studies accessible to the wider community of interested researchers, practitioners and others.

Another observation is that standards for impact assessment are generally lacking. What is described as an impact study does not always follow the formal definition of 'impact', so finding "real" impact evaluations requires more investigation than one would normally assume. Terms such as output, outcomes, impact, results, targets, and performance measures are used

⁴ *MIF Evaluation – Business Development Services*. Office of Evaluation and Oversight (OVE), Inter-American Development Bank, Washington, D.C., December 2003, p. 50.

⁵ http://www.ilo.org/dyn/bds/bdssearch.search?p_phase_type_id=4&p_lang=en

interchangeably in these reports, which can be confusing to the reader and makes it difficult to distinguish impact findings from other data on program results. More consistent and careful adoption and use of evaluation terms in these reports would have made this review much easier.

Reviewing the evaluations posed another challenge since some of the studies were difficult to read and understand. Findings and conclusions were not always clearly stated or drawn from the analysis. Many of the studies are not in a format that is accessible to a wide audience (non-technical readers), which limits their usefulness in informing the field more broadly. While the evaluations cover a wide range of topics and provide a wealth of information on project activities and implementation, human and social dimensions rarely feature. The focus is primarily on enterprises, financial transactions, markets and institutional capacity—not on people, entrepreneurs, household livelihoods or acquisition of knowledge and skills.

Another important issue to highlight is that while some projects had good monitoring systems in place, in general these systems are not strong. Some projects did not have monitoring and evaluation systems set up (e.g. Ghana TIRP⁶); others were weak in collecting and/or compiling baseline statistics or other monitoring data; others were compiling data on indicators that were unlikely to be impacted by the project or wrong data was collected for the right indicators (e.g. El Salvador's Program for the Promotion of Non-Traditional Agricultural Exports⁷). Several evaluations refer to weak monitoring and evaluation systems as a shortcoming of the project and a barrier to assess the impact of the project.

Weakness of monitoring and evaluation systems is noted in reports from other donor agencies as well. For example, the MIF study of BDS programs found the “evaluability” of projects to be low overall.⁸ The report notes that only 40 percent of projects included some kind of impact indicators for monitoring purposes.⁹ Analysis of case studies conducted under this evaluation revealed very weak definition of indicators.¹⁰ The evaluation reviewed 149 indicators in 25 cases and found that only 23 percent of them included baseline data, 64 percent included a measurable target and only 6 percent included benchmarks.¹¹ The study notes that lack of careful planning

⁶ Evaluators of the Ghana TIRP found the monitoring and evaluation component of the program to be very weak. The program's Performance Monitoring Plan (PMP) contained very little data on baseline or target values for the indicators that were proposed. Almost no data on achievements and impacts of the program was collected.

⁷ In the study of El Salvador's Program for the Promotion of Non-Traditional Agricultural Exports (NTAEs), evaluation team noted weaknesses of the monitoring and evaluation systems as well. For example they noted that it was not possible to really assess the impact of the Technoserve project, given the method that was used to track progress did not capture incremental impact but reported cumulative totals.

⁸ *MIF Evaluation – Business Development Services*. Office of Evaluation and Oversight (OVE), Inter-American Development Bank, Washington, D.C., December 2003, p. 49.

⁹ Ibid.

¹⁰ Ibid.

¹¹ Ibid.

and design before project approval, as well as dispersed and generic set of objectives, has made it difficult and sometimes impossible to define and monitor key variables to measure actual output and impact results.¹² DFID's *Enterprise Development Evaluation Synthesis* report also notes the need to improve methods of assessing the impact of enterprise development activities. More specifically, the study notes that lack of baseline information for progress and impact monitoring and appropriate indicators for business development services is a widespread weakness that needs to be addressed.¹³

Methodological Approaches and Issues

It is difficult to draw generalizations about Impact Assessment (IA) methodologies across the evaluations included in the review since many of them lacked consistent methods and frameworks of analysis for studying outcomes, impact, sustainability and cost-effectiveness.¹⁴ Many of the evaluations focus on the input level and provide a critique of the program design and implementation rather than a systematic look at outcomes and impacts. In some cases, the projects were complex and for various reasons were not successfully implemented. In cases where intermediary outcomes have not been achieved, (for example agricultural inputs required to upgrade were not available to smallholders as planned), it does not make a lot of sense to invest in an impact assessment. It is preferable to focus on evaluating project design and implementation. The accuracy and relevance of some evaluations remain uncertain, particularly when they sidestep controversial issues or are reluctant to admit failures.

The credibility of the findings of an evaluation depends on how well the methodology used in conducting the study is documented. Evaluations reviewed were uneven in this regard. In some cases, pertinent details about the methods employed were missing. In others, inadequate information provided by the evaluator did not allow the reader to assess the accuracy or reliability of findings. For example, in one study where program benefits were estimated based on prior field trials, the document did not include any details about these trials, which made it impossible to determine how good or reliable the estimates are. In another example, where a study presented findings from focus group discussions with clients, no information was provided on how many clients participated in the focus groups or how they were selected. These observations suggest that more attention should be paid to the documentation of methodologies in future evaluations.

¹² *Ibid.*, p. 51.

¹³ *Enterprise Development Evaluation Synthesis*. Department for International Development (DFID), Evaluation Summary (EV618), December 1998.

¹⁴ Annex A Table 2 provides detailed information on evaluation objectives, methodologies, data sources, and indicators.

Many evaluation findings are not empirically derived. Some evaluations relied more on qualitative information, which can be very useful and relevant in addressing a range of impact questions. However, problems of documentation were more prevalent in these types of studies compared to those that relied more heavily on quantitative approaches. Of the studies that relied on quantitative information, a majority used a cross-sectional survey of clients or beneficiaries (13 out of 18 studies) and among them only 2 used a matched control group or comparison group to assess the differences between program participants and non-participants (evaluations of BUDS Uganda and Mekong Project). Sampling was problematic in some of the cross sectional studies. The sample was not random and representative of the pool of clients served by the program or was too small. In others, high non-response on impact-related questions or indicators (such as changes in sales, profits or employment) made the estimates and findings unreliable.

Very few studies contain time series data that would allow monitoring and evaluation of program activities over time. Only three studies used before (baseline) and after surveys using a control group, two of which were scopes of work for more recent and ongoing efforts for which no results are yet available (AT India and Uganda). However, they represent more rigorous attempts to capture the effectiveness and impacts of BDS programs. The fact that impact studies that employ longitudinal surveys generally require substantial financial resources, time and upfront planning and design, and are usually difficult to implement, in part explains why few evaluations of this type have been conducted to date.

Self-selection bias emerges as an issue in all of studies since none used random experimental design or corrected for the problem.¹⁵ The problem of selection bias in impact evaluation is caused by the fact that program participants differ from non-participants in characteristics that can not be observed by the evaluator (such as ability or motivation) and affect the decision to participate in the program and its outcomes. For example, participants may be those who have the most to gain from a BDS-focused program and are motivated to commit to program activities. As a result, outcome changes observed would indicate the program impact on motivated participants, but may not reflect how the program, on average, would affect the target population.

Impact assessments are conducted with the intention of establishing whether or not a particular intervention produced the intended outcomes. In that sense, all impact evaluations are concerned with addressing the issue of causality and attribution. Impact studies need to provide credible

¹⁵ Random experimental design studies solve this problem by generating an experimental control group of individuals who would have participated in the program but who were randomly denied access to the program and did not receive the treatment (in this case business services). Even though random assignment does not remove the selection bias, it balances the bias between participants and non-participants (control group) so that it cancels out when calculating the mean impact estimate. In quasi-experimental and non-experimental design studies, econometric techniques are used to model the participation and outcome processes and arrive at an unbiased estimate of program impact. The validity of evaluation results in these cases depends on how well the model is specified.

evidence to demonstrate the effects of the initiative as well as rule out all plausible alternative explanations for the observed outcome such as changes produced as a result of natural development or other factors that have influenced changes over time.¹⁶ In order to capture the net effects of a particular initiative, one has to compare the observed changes to what would have occurred in the absence of that particular intervention. “While the counterfactual cannot be observed or known with complete certainty, the concept of comparing observed outcomes to this hypothetical state underlies all valid approaches to assessing impact. Valid comparisons imply that the net effect of intervention is isolated from all other extraneous or confounding factors that influence defined outcomes”.¹⁷

Many evaluations displayed difficulties in assessing attribution and causality since most studies do not have control groups. Studies that attempt to address the issue of attribution rely on client’s judgments and/or experts views than on more objective indicators. Some evaluations look at overall changes and then estimate the amount of change that can be attributed to the project. Others don’t mention anything about attribution or how they measured it. Some of the studies made an attempt to use ‘shortcut’ or ‘proxy’ indicators in an attempt to attribute change to the intervention (i.e., impact), but it is unclear how valid or reliable they are. In some studies change is attributed to the intervention on the following basis:

- Clients report on whether they would have undertaken business activity at all w/out service
- Clients report they have undertaken a business activity sooner because of the service (and whether service enabled them to do it faster)
- Clients report they have undertaken a higher quality or larger scale business activity as a result of the service

Some evaluations assessed cost-effectiveness (e.g., KADP’s impact assessment or Sri Lanka’s Competitiveness Initiative study), and some presented measures for efficiency and sustainability (e.g. SEED and MPDF studies) while others did not. Measures of cost-effectiveness, which examine the benefits generated by the project relative to costs incurred, are clearly extremely important, especially for the donor community. However, without reliable information about the effectiveness of the program and the benefits accrued to the participants, these measures remain highly suspect. The first step in ensuring the reliability of the cost-benefit estimates is to make sure that project beneficiaries are clearly defined and benefits received by them and attributable to their participation in the program are accurately measured.

Several of the evaluations that are based on empirical evidence do not present a framework or a causal model for analysis of impact and do not describe how impacts are related to project

¹⁶ Oldsman, Eric and Kris Hallberg. *Framework for Evaluating the Impact of Small Enterprise Initiatives*. Nexus Associates, Inc. February 2002, p. 15.

¹⁷ Ibid., p. 16.

activities, outputs and outcomes. In some studies, much is laid out in terms of a framework, but no data or findings are provided.

Although overall these studies provide a wealth of information regarding enterprise development programs and their evolution over time, especially in terms of their design, implementation and progress (or lack thereof), it is difficult to draw general conclusions about the impact of programs with a reasonable level of confidence given the methodologies used. On the other hand, these studies have made some inroads in their attempts to capture impact and provide some hypotheses that can be tested in future studies. In addition, much can be learned from the categories and types of indicators used in these evaluations for future impact studies.

Summary of key findings

Levels of impact studied

Indicators used in previous studies can be grouped into the following categories: (1) BDS market development; (2) product market development (sub-sector markets); (3) market linkages; (4) enterprise development; (5) household level impacts; and (6) individual level impacts.

1. Indicators of BDS market development

These previous studies used a range of indicators of BDS market development including commercial viability (e.g. willingness to pay), client satisfaction, market level growth and development, BDS provider level growth and development and MSE integration into BDS markets (use of services). Note that business service providers include, among others, input suppliers and providers of embedded services. Many studies address the commercial viability of services, given the importance that donors place on the sustainability of the programs and services. Several of these indicators rely on clients' views and opinions solicited through surveys and interviews. Although these indicators provide useful information on clients' perception of the benefits of the program (as discussed under findings related to BDS markets in the next section) and willingness to pay, the latter measure is probably not very reliable as it is largely based on a perceived response to a hypothetical situation, rather than actual behavior. Indicators of client satisfaction are important from a program management perspective and provide valuable feedback to implementing agencies in terms of how clients' assess the quality and relevance of services. As such, many studies provide some evidence in this area.

Several studies look at indicators of market level growth and development. Market level indicators include market demand and supply, number of BDS providers including input suppliers, volume of sales or income of BDS providers. A number of studies use surveys or interviews to look at the ability of clients to receive services elsewhere or the extent to which

program activities have expanded BDS market. These indicators are used both as measures of BDS market level growth and as a means of assessing whether or not the program is crowding out private service providers.

A number of studies look at the extent to which BDS providers have grown or developed (e.g. Kenya's MSETTP-Voucher Program study and evaluations of SEED and Mekong project). These studies rely on surveys to document whether or not BDS providers that have received services have made any changes in their operation, experienced increase in sales or improved their capacity. Some programs provide training to BDS providers to increase their knowledge of the needs of MSEs in order to better tailor their services or products to these types of enterprises. Surveys of service providers that have received training are then used to show whether or not these services has served the purpose of making providers more of aware of the needs and issues affecting these enterprises or factors that affect small and medium enterprises' (SMEs') use of business services.

Indicators of BDS market development

→ *Commercial viability*

- Market price of service, willingness to pay market price or share of market price
- Actual commercial provision of services – commercial prices, financial viability, financial status of service provider
- Willingness to pay for services – client perceptions
- Value of services relative to fees charged – client perceptions
- Cost sharing – percent cost shared by clients, or percent clients willing to share
- Willingness of service providers to adjust courses and prices to meet available demand
- Assessment of supply vs. demand driven product -- whether clients approached service provider (demand driven) vs. service provider approaching clients (supply driven)
- Whether program assisted service provider links BDS with credit (making it difficult to gauge commercial viability)

→ *Client satisfaction*

- Client satisfaction with business services and/or provider – use of strategic consultancies, satisfaction with strategic consultancies
- Client perception of relevance of service to their needs

- Client perception of usefulness of BDS
- Repeat customers

→ *Market level growth/development*

- Market size (demand): No. of MSMEs purchasing services
- Market size (supply): Annual amount of sales by BDS provider
- Market penetration
- Number of BDS providers
- Number of private sector input suppliers
- Estimated income of input suppliers
- Volume of sales of input suppliers
- Ability to receive similar services elsewhere
- Likelihood of using outside service providers
- Whether program assisted service provider focuses on particular target groups (limiting outreach and market penetration)
- Client perception of extent to which program activities have expanded BDS market
- Factors limiting the growth of consulting/training firms
- Plans to offer consulting/training services in the future
- Number of cooperatives graduated

→ *BDS provider level growth/development*

- Immediate changes in service providers (e.g., new training courses, improved training courses, more diversification in training)
- Shorter-term changes in service providers (rent space, hire temporary staff)
- Longer term capacity changes in service providers (acquisition of productive assets, including space, equipment; new permanent staff, new or expanded facilities)
- Institutional 'maturity' of service providers
- Improved performance of business service providers
- Increased sales and profits of service providers

→ *MSE integration into BDS markets*

- Number of MSMEs aware of importance and availability of business service (including embedded services, inputs, and market linkages)
- Improved capacity to provide quality services to MSMEs

- Factors limiting the demand for consulting/training by MSMEs
- Reasons MSMEs reluctant to use consulting services
- Effects of training on knowledge of MSME needs
- Effects of training on introduction of MSME specific new products

2. Indicators of product market development (sub-sector markets)

Indicators of product market development include those that focus on overall growth and productivity, employment generation, trade, competitiveness, and MSE integration into product markets. A wide range of indicators has been used to examine product market development, for example, volume of product sales or output, per capita consumption of product, year end stocks, areas cultivated in product, private and foreign investment. A challenge in most of these studies is collecting data on incremental increases in these variables and determining the extent to which these changes can be attributed to program intervention. In addition, several studies of programs that promote exports, trade and competitiveness have found that a longer time span of more than five years is needed to witness the effects of program at the sub-sector or market level.

Indicators of product market development (sub-sector markets)

→ Growth and productivity

- Volume of sales (e.g., of input retailers)
- Per capita consumption
- Year-end stocks
- Percent crops milled by stakeholder associations
- Total milling capacity
- Area cultivated (cumulative hectares)
- Number of [promoted] products
- Area cultivated in promoted products
- Private domestic and foreign investment
- Sectoral distribution of foreign investment
- Product output
- Increased volume of business in products promoted
- Effects of increased volume of products promoted on GDP growth and employment
- Savings in costs of inputs purchases as result of economies of scale associated with Agribusiness Trade Association (ATA) transactions
- Increased quantity and value of domestic production and supply of agricultural and processed products

- Expansion of GDP due to refurbishing processing plants and other facilities
- Increased economic returns to land and fixed factors of production
- Increased production of food products

→ *Employment generation*

- Total employment generated
- Total number of jobs created
- Percentage of women holding created jobs
- Number of viable businesses
- Sectoral distribution of employment generation
- Expansion of employment due to refurbishing processing plants and other facilities

→ *Trade*

- Exports (volume and revenues)
- Estimated value of increased exports
- Number of traders
- Number of exporters
- Public export share
- Number of export crops
- Cumulative value of exports
- Annual value of exports (by crop)
- Annual value of import substitution
- Increased export earnings
- Increased capacity to import

→ *Competitiveness*

- Variety and quality of goods and services provided
- Private sector participation in markets previously controlled by public sector (numbers of private sector producers; private sector share of market)
- Number of commercial mills

→ *MSE integration into product markets*

- Market penetration -- percent MSEs linked to markets
- Value and volume of (MSE) participation in specific markets (e.g., high value, non-

traditional agricultural exports)

- Number of small holders (or other MSEs) participating in specific markets

3. Indicators of market linkages

A number of studies have used indicators of market linkages. These indicators are used in conjunction with programs, where a primary objective is to facilitate or strengthen these market linkages. Examples of these are Ghana TIRP, Mali's Craft Sales, SAIBL and studies of AT India and Uganda that focus on strengthening value chains. These indicators include number of linkages formed, number of MSEs that are new entrants into the export market and others. In some cases indicators are more robust in showing impact, for example increase in sales to exporters or importers due to market linkages formed with program assistance.

Indicators of market linkages

→ Forward linkages

- Formal arrangements between lead firms and MSEs
- Increase in MSE sales to exporters and importers
- New entry of MSEs into export market (or other market)
- New buyers/customers of MSE products
- Better MSE relation with buyers/intermediaries due to better product quality
- Foreign exchange earnings

→ Backward linkages

- Purchase of inputs by farmers/MSEs from retailers affiliated with the program
- Change in amount and kind of inputs purchased by farmers/MSEs
- Raw material providers
- Use of business services
- Impacts on suppliers of inputs (of Intel microprocessor plant)

→ Either

- Business linkages formed with different categories of firms (local, foreign, parastatals, government)
- Client perception of whether or not new linkage is related to the business services (or project input)

- Formation or participation in producer groups

4. Indicators of enterprise development

Enterprise level changes have been studied intensively using a wide range of indicators and measures related to sales, profitability and upgrading.

Upgrading indicators look at a range of areas where business products and processes may have been affected, depending upon the types of programs. Some examples are adoption of new and improved technologies, improved business practices, success in securing financing, increased investment, increase in business assets, upgrading to meet export quality standards and others.

Indicators of enterprise development

→ Sales

- Volume of sales
- Sales to exporters
- Sales to importers
- Crop disposal (Sales?)
- Production

→ Profitability

- Estimated income
- Revenues/profits
- Profitability
- Personal income
- Returns to alternative crops
- Gross income
- Net income
- Prices (average producer prices, wholesale prices, export prices)

→ Upgrading

- Innovation and upgrading of product/service
- Upgrading to meet export quality standards
- Success in obtaining financing
- Increased investment

- Increase in the value of physical assets (plant and equipment by value)
- Input use
- Estimated value of cost savings
- Application of technologies taught by project (among participants and others)
- Sustained application of technologies taught by project
- Cropping patterns
- Crop rotations
- Area planted to paddy
- Average paddy yields
- Area cultivated
- Business practices (introduction of new management techniques, financial record keeping, marketing techniques)
- Change in conducting business
- Short term capacity changes: increased materials, rental of space, employment of temporary workers
- Longer term capacity changes: major product changes, purchase of significant assets, hiring permanent workers
- Farmers income and earnings of hired labor resulting from increased use of fertilizer and seeds

→ *Business survival*

- Business survival rate

5. Indicators of household level impacts

Very few studies examined or discussed household level impacts. Indicators used or discussed in these studies are listed below. Indicators for household level impacts are critical for determining the poverty impact of the programs and future studies should pay more attention to these effects.

Indicators of household level impacts

- Quality of life
- Family income
- Need for study of trade offs within households related to income impacts
- Need for study of relationship between input use (e.g., fertilizer) and household labor requirements
- Need for understanding of labor productivity benefits of promoted service or ‘solution’

6. Indicators of individual level impacts

Indicators of individual level impacts generally focused on the acquisition of skills and knowledge and their application to the job or business. In most cases, the studies used client surveys to document the impact on beneficiaries. In several reports, the number of individuals trained was used as a proxy for positive impact of the program on service recipients (e.g., Kosovo KADP study). Using output measures such as the total number of trainees is an important indicator for program progress and monitoring, but does not address the issue of whether or not trainees benefited from services or what the quality and impact of training was from the perspective of clients.

Indicators of individual level impacts

- Impacts on workers
- Acquisition of new knowledge and skills
- Application of knowledge and skills
- Improved skills, knowledge and capabilities of workers
- Increased motivation of trainees
- Control over decisions related to business

Some Findings on Commonly Used Indicators and Measures

The following sections present findings across different studies on some common variables. It is not possible to draw general conclusions due to the different types of projects, contexts, and methodologies and because not all programs studied the same mix of variables or used the same measures. However some patterns and trends emerge from the studies.¹⁸ An important point to bear in mind while reviewing these findings is that the projects studied were quite complex. They often had multiple-components and relied on different sets and types of inputs. In addition, they were implemented under very different circumstances and they varied in the degree to which they were successful or effective. Accordingly, one would not expect findings on the impacts of the project on certain variables (e.g. sales, incomes, profits, employment or outputs) to be necessarily the same or consistent across the projects, and the summaries presented below are not meant to imply that expectation.

BDS markets...

Measures of willingness to pay: Several studies indicate that a majority of clients are willing to pay for various types of business services, most of which have been provided previously at

¹⁸ For more detailed information on evaluation findings please refer to Table 3 in Annex A.

subsidized rates. However willingness to pay varies across different groups of clients. For example, findings from one study shows that clients operating rural-based enterprises were less willing to pay for services compared to urban-based clients, and owners/operators of smaller firms with limited resources were also less willing to pay for business services compared to larger firms. It is unclear whether willingness to pay is a reliable or valid measure of commercial viability.

Programs use diverse approaches in addressing cost recovery for business services. In some cases programs do not charge for services, in others clients partially pay for services (either in-kind or in cash) and in some others (generally for specific tailored services) clients pay the full cost of services that the program provides. In cases where clients partly contribute to the cost, there seems to be no formal or transparent payment scheme. Several studies addressed the issue of commercial viability of business services. In a number of them, client surveys were used to determine what percentage of clients would be willing to pay for services or what the perceptions of clients are in terms of the value of training relative to the fees charged. In cases where survey findings directly ask clients whether or not they would be willing to pay for services, findings show that from 58 percent to 100 percent of respondents state that they would be willing to pay for services. Percentages are lower once responses of subgroups of clients are examined. In studies that ask clients to assess the value of services relative to fees charged, responses vary considerably. From 8 percent to 60 percent of survey respondents said that the value of services received from the program was greater than the fees charged. In a couple of studies willingness to pay for services is seen to be affected by such factors as availability of funds, fee rates and schedule, type of service/expertise and perceived bottom line impact or future financial results. Neither of the common measures that have been used that address the commercial viability of services are precise. More importantly, these measures relate to value or benefit of services but they do not address “how much” clients would be willing to pay or the issue of affordability (whether or not clients are able to pay for services). Only one study (Peru’s PRA study) mentions the question of affordability. This is an important issue to look at more systematically in the context of commercial approaches attempting to reach the poor. Some examples of findings from different evaluations are presented below.

The FLAG study (Bulgaria) finds that in principal, surveyed firms are open to engaging fee-based consulting services. However, willingness to pay depends on the availability of funds, fee rates and schedule, type of service/expertise and perceived bottom line impact. The study reports that to date, contributory fees or in-kind payments have been charged for many of FLAG’s services but are not at levels that would enable FLAG to be sustainable. According to the SAIBL (South Africa) study, 58 percent of the companies surveyed reported that they were willing to pay for the SAIBL services, while 42 percent were unwilling to pay for services. The BUDS study in Uganda noted that 58 percent of respondents reported a willingness to pay the full cost of future services (of which 68 percent were in Kampala and 34 percent outside Kampala) and 42 percent would not be willing to pay (66 percent outside Kampala – especially

smaller firms and members of farmer and other rural based associations with limited resources). The study finds that service and manufacturing businesses were more willing to pay than other types of businesses, and 33 percent of businesses with fewer than 10 employees were willing to pay. This was a slightly higher percentage than businesses of other sizes. Based on survey results clients were more willing to pay for training, international marketing and sales activities than other activities. In the Peru PRA study the evaluation team notes that services provided by PRA are not self-sustaining since to date there is no critical mass of clients that can pay for the sum total of all the activities that are carried out by the Economic Service Centers (ESCs). Evaluators believe that larger clients, usually involved in the commercialization of products, can assume the cost of technical assistance. But small clients, usually tied to the production function, are not currently in a position to assume such costs. Small clients, when asked about assuming technical assistance costs, condition their capacity to pay on future financial results. On the other hand evaluators think that PRA clients should be required in whole or in part to finance the cost of technical assistance provided, whether local, national or international. This situation would allow the client to evaluate more carefully the nature and quality of technical services to be provided, and give him/her a voice in defining the need for and the election of the provider. According to the SEED (Balkan region) study, among clients who received Investment Services (IS clients) and were surveyed for the study, 17 percent of those who received an Internal Enhancement Plan (IEP clients) and 8 percent of those who received an Investment Plan (IP clients) said the value of services was greater than fees charged; 56 percent of IEP clients and 69 percent of IP clients said that the value was equivalent to fees charged. A survey of SMEs that received capacity building services showed that 14 percent of respondents believe that the value of training was greater than fees charged, and 65 percent said it was equivalent to fees. The study notes that while SEED has been charging for training services, fees cover less than 8 percent of direct costs and less than 4 percent of total cost of service delivery, including indirect costs and allocated overhead. The Mekong study found that 60 percent Part A clients (small and medium enterprises that received financial advisory services and technical assistance) and 40 percent of Part B clients (intermediary organizations that deliver services to SMEs) surveyed believe that the value of services was greater than fees charged.¹⁹

Client satisfaction: Clients, in general, report they are satisfied with the usefulness and relevance of services and support provided by projects. This included a wide range of activities, from the extension of training and consultancy services to facilitate linkages to domestic and export markets, to the provision of firm level assistance to access finance or information. Where surveys or interviews were used to assess client satisfaction, the percent of clients that were either satisfied or very satisfied with training and other services ranged from 66 percent to 100 percent of respondents. For example, 94 percent of SAIBL clients surveyed said that they were either satisfied or very satisfied with program services. Surveys used in the Mekong study found that in one case 82 percent and in another (case of BDS providers) 89 percent of respondents were

¹⁹ For related findings on willingness to pay from the Ghana TIRP, Kenya voucher program, Argentina's "Services to Small Rural Producers", and Kenya KEDS studies please refer to Annex B of this report.

either satisfied or very satisfied with the program. In the BRAC study, client satisfaction was recorded at 95 percent. However the finding was not based on the results of a random survey of participants. In surveys of SEED clients, both SMEs and local consultants (training providers), the percentage of clients who were satisfied or very satisfied ranged from 66 percent of consultants and IP clients to 80 percent of SMEs clients that received training. Survey findings in the FLAG study showed that FLAG's support services and consultants were unanimously held in high regard and considered as valuable. According to the BUDS study, 90 percent of clients surveyed said that they were satisfied with their experience with BUDS regardless of whether or not the expenditures they incurred had paid off in terms of extra output or sales.²⁰

Ability to receive similar services elsewhere: In at least three studies the availability of similar services in the same location was used as an indicator of whether or not the program was crowding out private sector services providers. Client surveys were used to assess the extent to which micro and small enterprises have access to business services. Positive responses to this indicator ranged from 44 percent to 77 percent in these studies.

According to the Ghana TIRP study most firms could not think of alternative sources from which they could obtain technical assistance and training of the nature they received under the program. Based on SEED's impact study, approximately 44 percent of IEP clients and half of IP clients (clients that received investment services) said there were no other providers of similar services in their location. From among SMEs that received business services and were surveyed, 41 percent of respondents reported that there were other companies or organizations that could have provided similar services. According to the Mekong study, 77 percent of Part A clients surveyed said there were no other providers of similar services in their location. Of Part B clients surveyed, more than 50 percent said that there were other providers that offered similar training.

MSE Integration into BDS Market: The SEED evaluation provides an example of a study that attempts to capture what the program's impact has been in terms of its effort to integrate MSEs into the BDS market. The program provided training services to local consultants (BDS providers) in order to expand services to MSEs. The program provided training to members of a Consultancy Network (CN) as well as non-network consultants. The Survey of consultants that received training through the program showed that SEED helped the majority (61 percent) of consultants to gain greater knowledge of the needs of SMEs. More than half of the network members reported implementing new products and services, while less than one third of other consulting firms reported implementing new products and services geared toward SMEs. More than half of the CN members and 20 percent of non-network members reported that they had changed their range of services offered as a result of involvement with SEED. Among the 24 percent of respondents that had not offered services to SMEs prior to SEED interaction, 90

²⁰ For additional related findings on client satisfaction from the Kenya KEDS and Peru PRA studies and the impact evaluations of Argentina's "Services to Small Producers" and Regional "Expansion of Microenterprise Training" cited in the MIF report, please refer to Annex B at the end of this report.

percent reported that they would now do so. All respondents plan to continue to offer consulting and training services to SMEs, while most plan to do so using knowledge and techniques from SEED in their work. Based on survey results, several key factors were identified that limit growth of consulting firms: unwillingness or inability of SMEs to pay for services at current prices, difficulty in finding qualified staff, high costs of identifying potential clients. Consultants also noted a number of factors that contribute to SMEs' reluctance to use consulting services: SMEs have difficulty identifying their needs, lack information on quality of services available, and have difficulty managing consulting and training projects.

Product markets...

Evaluations report mixed results in terms impacts on product or sub-sector markets. A number of evaluations provide some positive evidence of impact at the sub-sector level (e.g. Ghana TIRP, Egypt ATUT, study of Egypt's Rice sub-sector, KADP, BUDS, Uganda IDEA studies), while others suggest negative or no impact (e.g. KEDS, Panama TID, Bangladesh JOBS studies). A study of El Salvador's Program for the Promotion of Non-Traditional Agricultural Exports (NTAEs) showed mixed results.

The Egypt ATUT study, for example, reports that the project has succeeded in significantly increasing exports of horticultural products and in two cases has created new export industry from a low or non-existent base. The original project indicators called for a 5 percent average increase in volume and an 8 percent increase in value for selected horticultural commodity exports. The study shows that the volume of exports increased by 432 percent and the value by 441 percent. The study finds increases in the export of table grapes from 1,200 tons in 1998, to 6,600 tons worth \$22.2 million in 2001. The number of jobs created by the grape industry, whose workforce primarily (75 percent) consists of women, was 2,390 in 2001 and 3,000 in 2002. Fine green beans exports increased from virtually none prior to ATUT, to an estimated 19,700 tons valued at more than \$23 million in 2001-2002. Strawberry exports increased from a little more than 2,000 tons at \$10.6 million in 1998-1999, to 5,600 tons worth \$22.7 million in 2001-2002. Cut flower exports were 4.5 million stems valued at about \$500,000 in 1999. By 2001-2002 Egypt was exporting 33.2 million stems worth \$5.7 million. The cut flower workforce is comprised primarily of women and girls. These findings indicate that ATUT was successful in increasing exports and creating a source of employment for women—especially in the context of Egypt, where new labor force opportunities, especially for rural women, are limited. They also raise the question of absolute versus relative measures of change in production, exports and employment. Given the low base, the percent increases reported are quite substantial. However, the absolute volumes and values are still moderate. It might have been more meaningful and relevant for the study to include indicators of the relative importance of these figures (volume of exports, number of jobs created) compared to other products exported.

A study of Kosovo's Agribusiness Development Program (KADP) finds positive impacts at the sector level as well. For example, the study cites an increase in the volume of business of about \$17.3 million and an increase in investment of \$15.5 million over the 3-year life of the program, which represent a substantial impact on GDP.²¹ Savings due to economies of scale are estimated at \$6.32 million over the life of the program. The study also reports that crop production increased by approximately 153,800 tons of wheat and 190,400 tons of maize during the 3-year period. Based on the results of field trials conducted by KADP, the study reports crop yield increases of about 1.85 tons per hectare for wheat and 3.82 tons per hectare for maize. These gains are associated with the increased use of fertilizers. Net added returns to land and other factors that are fixed increased by a total of \$15.66 million over three years, which represents increases of farmers' incomes. In terms of employment in Agribusiness Trade Associations (ATAs), the study finds that employment increased by about 1,000 persons per year and in terms of the average employment rate per member. It also finds that about 216,000 workdays of employment and an income of approximately \$1.73 million for hired farm workers (to apply fertilizers and harvest additional crop output) were generated during the 3-year program.

Evaluation findings from the Study of El Salvador's Program for the Promotion of Non-Traditional Agricultural Exports (NTAEs) shows mixed results. The study found that the highly focused CLUSA approach of providing intensive support to NTAE production and export had the greatest impact on the value and volume of product exported, employment generated and benefits to the rural community. It also found a number of CLUSA-assisted programs to be sustainable. These include fresh watermelons and honeydew melons for the U.S. and European markets, organic coffee and vegetables for U.S. and European markets, sesame exports to the U.S and vegetable production for local processing and later export. In the case of DIVAGRO, the study found that the difficult environment combined with less than optimal performance in implementation resulted in considerably less impact than expected. The study noted that Technoserve's impact on exports was also quite limited.²²

Market linkages...

A primary objective of many of the BDS focused enterprise development programs is to facilitate or promote market linkages in order to assist the growth and integration of MSMEs. As such, a number of studies have examined how the programs have fared in meeting these objectives or have used indicators to measure the program's impact in this regard (e.g. Studies of Ghana's TIRP, MAPA Bolivia, SAIBL, Uganda IDEA project, and Peru's PRA studies and

²¹ The figures were reported in Euros in the report and were converted to U.S dollars here (based on the evaluator's note that an exchange rate of 1 Euro (€) per U.S. dollar (\$) was adopted for reporting all values).

²² For additional findings from the Egypt Rice Sub-sector Program, Kenya KEDS, Bangladesh JOBS program and Panama's TID studies please refer to Annex B at the end of this report.

Mali's Craft Sales as well as more recent studies of value chains such as the impact study of AT India and Uganda). Findings indicate mixed results.

One of the primary objectives of the Ghana TIRP project was to link micro-enterprises into the production-marketing chain. The technical assistance contractors employed a "push-pull" approach whereby "lead firms" (larger-scale enterprises) with strong growth potential were to be identified and assisted to reduce costs and become more competitive in the international markets. In turn, the lead firms would, through their linkages to related micro-enterprises, "pull" these firms into the production-marketing chain. The contractors were to provide capacity building assistance to lead firms, as well as micro-producers and processors, and to facilitate their linkage and cooperation in order to increase non-traditional exports and production and marketing of domestic products. The evaluation team found that that the program did not fully meet its objective in this regard. The report states that even though most of the lead firms did sign written agreements with the contractors to assist smaller and micro-enterprises in the production/marketing chain, especially AMEX, none of them admit to having received any assistance or training to help them develop the push-pull linkages. The interviews showed a lack of formal arrangements between lead firms and microenterprises.

In the case of the Mali Handicrafts Project, it was decided that project activities would center on exporters (market intermediaries), as they are regarded as most knowledgeable of market demand for handicrafts. The project promotes linkages between exporters and international buyers (improve access to international markets), provides technical assistance to both exporters and micro-producers and works with market intermediaries (exporters) to facilitate embedded services (quality improvement, product development and innovation) to micro-producers. The project's progress report states that in a total of 754 cases, the program created or strengthened linkages between producers and exporters. It also reports that a total of 131 new producers have come to the export market. These are positive outcome level results. In terms of impact, the report states that to date, the total increase in producer sales to exporters equals \$933,206 and the total increase in exporter sales to importers equals \$1,522,934. It is not clear if the increases in sales reported are entirely due to the project.

The South African International Business Linkages (SAIBL) Program is another program that emphasizes the development and promotion of market linkages. The project works with historically disadvantaged enterprises (black-owned small and medium enterprises or enterprises that are owned and operated by white women or people with physical disabilities) and facilitates linking these firms with international (primarily U.S.) and local partners. The project provides training and technical assistance to the targeted enterprises to prepare and support them in undertaking and mastering international business transactions. It also facilitates technology transfer to the enterprises through business partnerships, manufacturing licenses franchises and other means. The SAIBL study reports that the program has succeeded in facilitating business linkages of clients. The business linkages formed are 28 percent with local business, 25 percent

with foreign-based business, 15 percent with South African Parastatals and 8 percent with government. The beneficiaries, however, did not feel that business linkages came as a direct consequence of SAIBL and their assistance.

Peru PRA is another example of a market linkage project that aims to integrate MSEs into markets with potential for growth and organize and strengthen value chains. The project facilitates linkages between the producers (largely poor campesinos) of a wide variety of products such as agricultural, handicrafts, jewelry, furniture and other types of products with large, established, national and international markets and market intermediaries. Project services include the provision of training and technical assistance to clients for the purposes of improving production and productivity, market knowledge, developing new contacts with reliable buyers, identifying new market outlets, introducing new crops with better prices and markets, especially for export and providing specialized technical assistance and management capacity building services. The Peru PRA evaluation noted that all of the clients and producer groups were of the opinion that even though PRA assistance might be terminated, the relationships established between buyers and their suppliers would continue.

The Uganda IDEA project works to increase the production and sale of high- and low-value crops by promoting closer relations among Ugandan producers (small farmers), buyers and exporters. The project's evaluation report notes that some progress was made in identifying promising channels for linking farmers with reliable, high quality input suppliers.

Some studies such as the Bolivia MAPA study assess the success of the program by relying on the clients' perception of the benefits they received in terms of their relations with intermediaries/buyers. The survey of MAPA/FDTA-Valleys clients showed that only 39 percent of high adopters indicated they had positively benefited in their relations with intermediaries/buyers due to better product quality as a result of the project. Slightly better results were achieved in MAPA/Yungas where 46 percent of growers surveyed indicated they had positively benefited in their relations with buyers due to better product quality.

Clearly in documenting the outcomes and impact of programs that try to integrate MSEs into productive value chains and clusters, studying the market relationships formed or strengthened becomes very important. Currently, research activities under Component A of the BDS research plan are examining some of the constraints that MSEs face in linking into value chains. An issue for Component D to address is what variables to include in this important 'domain' of impact (market linkages) and whether to include variables and indicators to measure changes in transaction costs, social capital and governance structures.

Enterprises...

Findings on impact of business services on enterprise sales, revenues, net profits or client income appear to be positive in 10 out of 15 evaluations that included these variables. However, the extent to which sales or revenues increased varies substantially across these studies and across enterprises within these studies. In some cases, the low number of respondents did not permit estimating the extent of a program's impact or generalizing the findings. In some of the studies findings are presented in terms of the percent of enterprises that reported an increase in their sales, profits, revenues or income – a fairly imprecise measure. Client surveys in different studies showed that from 8 to 81 percent of enterprises experienced increases in sales, revenues or profits. In terms of the percent increase in gross or net income, findings reported in different studies range from 8 percent to 73 percent. Findings seem to suggest that relatively larger firms gain more in terms of increase in sales, profits or income compared to smaller, more micro firms. On the other hand, smaller firms generally attribute more of the increase in their sales/revenues and profits to their participation in the program compared to larger firms. Larger firms attribute increases in sales/revenues and profits to exogenous factors such as price of products or previously established contacts of the firm (a hypothesis that can be tested in future studies). It is reasonable to assume that the extent and amount of services received by enterprises affects how much enterprises are likely going to benefit and grow. One study (Mekong impact study) showed that an increase in client sales related to the amount of services received by the program. This is an important hypothesis to test in capturing the impact of business services on enterprises, and more impact studies should examine this issue in the future. Overall, in most cases how much of the increase in sales or income can be attributed to the program is based on subjective judgments and “beliefs” of clients. Some examples of findings on sales and income are presented below:

The Uganda BUDS study reports that 73 percent of beneficiaries experienced an increase in sales or output (by an average of 42 percent a year between 1997 and 1999, compared with the 25 percent a year increase reported by a non-BUDS beneficiary control group. The highest increases occurred with firms in the commercial sector; lower increases were observed with firms in agricultural sector; and the lowest increases were noted in service sector enterprises. Highest increases were reported among those undertaking marketing and sales activities (both domestic and international); lowest increases for those undertaking management systems activities. The highest average rates of increase were for firms with 11 to 50 employees; (52-58 percent); increases were slightly less for firms with 1 to 10 employees (42 percent), and lowest rates of increase were found for firms with 51 or more employees (13 percent). On average, the report concludes that BUDS contributed to about 40 percent of its clients' sales growth over the period from 1997 to 1999. The SAIBL study reports that of the \$219 million of additional revenue generated by the clients since the program started, clients attribute \$27 million (12 percent) to the program.

Survey results from the more rigorous impact study of Vietnam’s TWMSE2 also showed that training had a significant positive effect on sales and income. Results of Argentina’s “Services to Small Rural Producers” project reported in the MIF report showed that 20 percent of all producers reported higher revenues as a result of their participation in the project. Based on the results of Bolivia’s MAPA project evaluation, client surveys of the MAPA/FDTA-Valleys component showed that 81 percent of high adopters harvesting products with support from the project considered that their incomes had increased.²³ A survey of MAPA/Yungas growers showed that among coffee growers, 78 percent reported that their incomes had increased.²⁴ Peru’s PRA program results showed that larger businesses served by the program gave high marks for the assistance but generally attributed increases in income and sales to exogenous factors rather than to program. On the other hand, smaller businesses generally attributed all their sales gains to program assistance. Benefits that these producers cited were better prices for their products, stable prices, improved market knowledge, new contacts with reliable buyers, enhanced productivity, and the introduction of new crops with better prices and markets. The impact study of the Mekong project showed that almost 60 percent of respondents reported higher sales and/or profits. Clients were asked to estimate the impact of the MPDF services on sales by comparing the actual (observed) performance in 2001 to estimated performance in the absence of services (counterfactual). Those that responded²⁵ indicated that sales were increased by an average of \$406,600. However, these figures were driven by the responses of a handful of companies that reported substantial gains. More than half stated that the impact on sales was \$0. Further analysis was done comparing the actual performance with the comparison group. Results showed that impacts are not dependent on whether or not the company had completed an assignment with MPDF but on the magnitude of services. Analysis of consultant expenditures on annual sales showed that effects were positive, substantial and statistically significant.^{26 27}

A number of evaluations presented some evidence on programs’ impacts in terms of creating jobs. Results are mixed. Although in some cases findings show some increase in jobs, in most cases program results fall far below expectations. Even in cases where jobs have increased, it is difficult to determine how much job growth can be attributed to the program. One issue to consider is whether capturing impact of programs on jobs may require a longer timeframe as suggested in Vietnam’s TWMSE2 impact study, for example, which could not confirm direct employment creation as a result of the training, given the short time frame of the study. It is

²³ On average, high adopters surveyed reported that their gross incomes had increased an average of 8 percent as a result of activities related to their focus crop. High adopters considered that their net incomes had increased an average of 73 percent as a result of a specific technological innovation with their focus crop.

²⁴ The average increases in gross and net income of participating growers were reported to be 16.3 percent and 47.4 percent, respectively.

²⁵ Eighty clients responded to this question.

²⁶ Results showed that on average, each \$1,000 spent on consultants, boosts sales by 10 percent.

²⁷ For additional related findings from the Mali Crafts project, SEED and Bulgaria FLAG studies please refer to Annex B of this report.

worth noting that none of the evaluations reviewed provided any impact information on the type or quality of employment, earnings or other labor issues.

The SAIBL study reports that based on the client survey, out of 8020 jobs created 1,309 are attributed to the program. Results of the client survey showed that firms with less than 6 employees experienced the highest employment growth (407 percent) and they attribute on average 35 percent to SAIBL intervention. Companies with over 100 employees increased their workforce by 128 percent, but they attribute only 5 percent of their growth to SAIBL. The greatest employment growth has occurred in the services sector. Employment growth in the Information Technology (IT) sector (56 percent) and manufacturing (37 percent) is also found to be noteworthy. The employment results of the KEDS (Kenya Export Development Support) program fell far short of the expected results. According to the evaluation study the project was expected to result in growth in employment of up to 1 million new jobs over 10 years. Actual increase after 4 years in 49 EDF assisted firms was 95 (increase from 797 to 892). Given the actual employment outcome, the recommendation of the evaluation was to revise the target. The progress report on the Mali program stated that a total of 273 new jobs (defined as the number of individuals who went from unemployed to periodically or fully-employed or from periodically employed to fully employed) have been created since the inception of the program. The number of jobs created falls somewhat short of the target set for the program.

Evaluation findings for the FLAG program showed that among International Executive Services Corps (IESC) clients surveyed 43 percent, and among ACDI/VOCA clients surveyed 25 percent, reported that jobs increased. The sample sizes are too small to make these findings reliable. The Mekong study results, in terms of employment creation, were also not very encouraging and reflect the fact that the program had a very uneven impact on clients. Clients surveyed were asked to estimate the impact of the MPDF services on employment, by comparing the actual (observed) performance in 2001 to estimated performance in the absence of services (counterfactual). Those that responded²⁸ indicated that employment increased by an average of 20.4 workers. However, figures were driven by responses of a handful of companies that reported substantial gains.²⁹ SEED's study of the IS clients served by the program did not provide a reliable estimate of the impact of the program.³⁰ The survey of SME clients who received business services shows slightly better results. Clients were asked to estimate the impact of training on employment. Those that responded³¹ indicated that in terms of employment, the average impact reported was 6 workers (median of 0) and the mean was statistically significant.

²⁸ Fifty-one clients responded to the question.

²⁹ More than half stated that the impact on employment was 0.

³⁰ IS clients were asked to estimate the impact of the SEED services on employment, by comparing the actual (observed) performance in 2002 to estimated performance in the absence of services (counterfactual). Those that responded (only five), indicated that employment increased by an average of 17.8 workers (median of 7). The small number of respondents makes this finding unreliable.

³¹ Eight-six clients responded to the question.

In many studies some positive evidence was provided in terms of an enterprise's adoption of new technologies, improved performance of firms or other types of upgrading as a result of program services. Examples of evidence from different studies are presented below.

Survey results from the Vietnam TWMSE2 study confirmed that management training stimulated changes in management practices, the introduction of marketing techniques and advanced financial records keeping. It also showed that a significantly higher percentage of trained entrepreneurs separated business and family finances compared to baseline and the control group; training led to innovation, better products and increased productivity. In Argentina, the “Services to Small Rural Producers” impact study (cited in the MIF report) found that technical assistance and investment projects did determine a new way for producers’ operational organization. The impact study for Regional “Expansion of Microenterprise Training” (cited in the same report) found that in almost half of the cases clients made changes in their entrepreneurial practices in accordance with their new “know-how”, and around 60 percent of the beneficiaries stated that their participation in the training courses generated positive effects.

Survey findings of Bolivia’s MAPA/FDTA-Valleys component showed that 70 percent of high adopters harvested products with support from the project, and 88 percent of high adopters indicated they are applying all the recommended technologies. Furthermore, 93 percent of high adopters indicated they would continue to employ the recommended new technologies when the project ends. The MAPA-Yungas survey showed that 82 percent of growers were applying the technologies taught by the project, and 88 percent of growers indicated they would continue to use the new technology when the project ends.

According to the Mekong study among Part A clients surveyed, 65 percent said MPFD (Mekong Project Development Facility) helped them obtain financing they could not obtain otherwise, or obtain financing faster and/or under better terms and conditions. Eighty-one percent of respondents said that they have implemented changes in at least one aspect of their business, and 68 percent of respondents reported improved performance in one or more ways.

According to the Kenya MSETTP-voucher program study’s survey of training beneficiaries, 16 respondents claimed capacity changes that were long term in nature (e.g. major product changes, purchase of significant fixed assets or taking on permanent workers) and 6 claimed short-term changes (e.g. as increased materials, rental of space and employing temporary workers).³²

³² For additional related findings from the Bulgaria FLAG and SEED studies, please refer to Annex B at the end of the report.

Individuals...

Approximately 6 studies included individual level indicators in their analysis of the program impact. A few surveys included indicators related to acquisition of knowledge and skills. In these studies, a majority of clients said they gained new knowledge and skills as a result of the project; (from 68 percent to more than 90 percent) of respondents said that they gained new knowledge and skills as a result of training or other services received by the program and they have put their new 'know-how' to use.

Some examples of these findings that are based on a survey of clients are as follows: BUDS study reported that 74 percent of clients surveyed said that they had been introduced to new knowledge. Argentina's study showed that almost three quarters (74 percent) of rural producers put the new knowledge they acquired by participating in the project to use. In the rest of the cases, they could not put the knowledge to use due to financial limitations. Results from the study of "Regional Expansion of Microenterprise Training" cited in the MIF report showed that over two thirds (68 percent) of beneficiaries had not only acquired new knowledge but put it in practice. According to findings reported in the SEED study, among IS clients surveyed, most (85 percent) said that employees gained new knowledge or skills. Of these almost all (96 percent) put them to use. A survey of SMEs that received capacity building services showed that 87 percent of respondents said that employees gained new knowledge or skills. Among them, 90 percent said that the new knowledge or skill had been put to use. The Mekong study results indicate that 70 percent of Part A clients surveyed said employees gained and applied new knowledge or skills. All Part B clients surveyed said that employees gained new knowledge, and 92 percent said that employees developed new skills as a result of participating in training. Ninety percent of respondents said employees applied new or upgraded skills in their jobs, and 95 percent said that employees were more motivated as a result of training.

In many studies, the number of people trained (output) was used as a proxy of the program's impact on individuals and as an indicator that the program had a positive impact in improving the human capital of their target population.

Other...

Several studies provided estimates on cost-effectiveness of the intervention. All estimates show positive returns on investment. Benefit to cost ratios reported in these studies range from 1.14 to 11. Cost-benefit measures and analysis are useful for comparing impacts across different projects. However, these measures have limitations in the sense that they focus on a narrow range of quantifiable variables and in all of the studies reviewed, benefits attributed to the program are based on subjective judgments of evaluators or clients and are not based on objective impact measures. A number of specific findings on cost-effectiveness are present below:

The KADP study calculates the net present value (NPV) of the program using a 12 percent discount rate and making assumptions regarding what proportion of the benefits can be attributed to KADP. The study provides estimates on benefit cost ratios ranging from 2.9 (under what it considers a realistic scenario) to 1.14 (based on the assumption that only 25 percent of benefits can be attributed to the program). Sri Lanka's TCI study also uses a cost-benefit analysis and estimates the net present value of additional income resulting from the project at \$69 million and the estimated benefit-cost ratio to be 10:1. The SAIBL study reports that for every \$1 spent by USAID on the program, beneficiaries receive \$10 in additional revenue. Egypt's ATUT study reports a return of slightly more than \$2.56 for each project dollar invested based on the value of exports of cut flowers, fine green beans, strawberries and table grapes, which reached \$141 million by the end of 2001. Evaluation of PERU's PRA Program compares the aggregate incremental sales (\$17,370,510) to the aggregate costs (\$10,222,145) and concludes that for every dollar of PRA costs, the program has generated US\$1.70 in sales. Based on estimates of increased sales and costs, evaluators find that each year sales per dollar cost has increased, reaching \$2.46 in the year ended in September, 2002. The BRAC study reports a cost-benefit ratio of 1:11 but notes that this measure is quite subjective in assessing benefits attributed to the program.

There are indications of spillover effects to program non-participants in several (4) studies (MAPA Bolivia, SEED, Mekong and BUDS). These studies found horizontal spillover effects in the areas of technology adoption, use of consulting services and business strategies. They found vertical spillovers in terms of improved performance up and down the value chain. This has important implications for future studies in terms of defining units of analysis and a control group.

For example, Bolivia's MAPA program (MAPA/FDTA-Valleys) evaluation notes that 45 percent of high adopters surveyed for the study indicated they knew of other non-participating growers of their products who were using the technologies recommended by the project. According to the SEED study, among SMEs who received capacity building services and were surveyed, almost half report that their interaction with SEED has led other firms to seek outside consulting and training services. A quarter of SEED's training clients reported knowledge of spillovers by noting that other firms had followed their lead in making strategic or operating changes. The BUDS Uganda study also provides some evidence of spillover effects. According to that study, 57 percent of survey respondents reported horizontal spillover effects (leading to the adoption of similar technology, systems, etc. in other companies in the sector) and 62 percent of respondents reported vertical spillover (improving performance up or down the value chain). In the Mekong study, among Part A clients surveyed, more than 50 percent of respondents said that other companies have followed their lead in making changes to business strategies or operations, undertaking new investments in the country and/or providing training to employees.

Repeated Themes...

A number of themes were repeatedly mentioned in various studies that are also noteworthy.

- Many studies highlight the importance of the policy environment in support of private sector development efforts (e.g. Bulgaria FLAG Program, SPS-related Programs in Central America). Good macro-level policies and stable environments are considered critical to the success and effectiveness of BDS-focused programs, especially those focused on trade (e.g. Ghana TIRP or Kenya KEDS).
- Time is an important correlate of impact. Depending on the type of intervention, different impacts manifest themselves at different points in time. For example, trade projects need time for impacts to manifest themselves. A repeated theme in the studies was the need for more time to determine impacts on jobs, cost benefit ratios and sustainability. One evaluation concluded that for these types of impacts, a time span of 5-10 years is needed (Study of Colombia and El Salvador Competitiveness Promotion Initiatives).
- Many of the evaluations refer to the need for projects to identify and focus on enterprises with growth potential for the purpose of achieving impact and sustainability. The value chain framework takes a somewhat different approach by focusing on sub sectors with growth potential, and promoting the integration of MSEs into these value chains through various commercially viable solutions.
- Firm level assistance is generally regarded as helpful to clients and their businesses, filling an otherwise unmet need and were able to document their findings through client surveys (e.g. FLAG Bulgaria, Ghana TIRP, Uganda BUDS, Egypt ATUT). However, several evaluations found that this type of assistance has been limited in scope and coverage and not well targeted (e.g. FLAG Bulgaria and Egypt ATUT). Broader coverage is limited when the services are not commercially viable and/or provided through artificially created rather than existing channels.
- Many evaluations focus on the importance of working through business (trade) associations, especially those that are responsive to their membership and are effective on the policy side, in order to expand the reach, effectiveness and impact of BDS (e.g. Ghana TIRP, Kenya KEDS, Kosovo KADP, Egypt ATUT, Colombia and El Salvador Competitiveness Promotion Initiatives).
- The importance of promoting market linkages is a recurring theme – and often a gap – in the projects.

- Almost all studies find the issue of sustainability of interventions/services to be unresolved.

Summary

Key findings on impact

The wide range of projects, activities, project performance and contexts in these evaluations makes it difficult to draw general conclusions about the impact of MSE and other enterprise development programs. In general, the studies reveal modest levels of change across variables, but the limited number of studies using strong IA methodologies (quasi-experimental quantitative and well documented qualitative) makes it difficult to attribute change to projects and draw conclusions about impacts. Paradigm shifts over the past ten years leading to changes in the focus of evaluations further limits conclusions. In light of these constraints, some of the key points that emerged from the review are listed below.

- *MSE performance and growth:* Evaluations show that many of the programs (including those that are focused on developing business service markets, value chains and clusters) have contributed positively to the growth of MSEs. They have done so by removing barriers or constraints faced by the enterprises and improving their performance through upgrading,³³ improving skills, building firm capacity and facilitating linkages between firms and buyers. These results are reflected in increases in the sales, revenues and profits of firms. Smaller firms, especially, seem to attribute much of their growth in sales or profits to services received through the programs. Although there are some positive findings in terms of growth in employment in the reviews, the employment impact of the programs generally do not meet expectations or targets.
- *Sub-sector growth:* Studies of enterprise development programs that have a sub-sector focus examine the impact of the program on sub-sector growth as well as enterprise-level growth. Evaluation findings show mixed results at the sub-sector level. Studies found positive impacts of agriculture sector projects in Kosovo (KADP) and Egypt (Agricultural Policy reform and rice). In several other countries, project supported sub-sectors grew, but it was not possible to attribute this change to projects (e.g., El Salvador's Non Traditional Agricultural Export project). In some cases, weaknesses of project monitoring and

³³ Humphrey and Schmitz (2000) define four types of enterprise upgrading: (1) process upgrading transforms inputs to outputs more efficiently; (2) product upgrading introduces more sophisticated product lines; (3) functional upgrading adds new or abandons old functions; and (4) intersectoral upgrading applies knowledge from one chain to another.

evaluation systems made it difficult for the evaluators to assess the project's impact at the sub-sector level.

- *Market linkages:* A number of programs (especially programs that seek to increase exports) address sub-sector constraints by facilitating market linkages either promoting linkages among producers or linkages between producers and buyers. Evidence presented in some studies show that programs have had some success in facilitating these linkages and that these linkages have been effective in improving firms' sales and profits and increasing output. However, more can be done in fostering effective business linkages and measuring program's impact in this regard.
- *BDS market development:* Programs that focus on BDS market development are designed with the premise that BDS market development leads to the improved performance of micro, small and medium enterprises (increasing the production and productivity of MSEs, raising incomes of owner-operators and employees of their firms), which in turn leads to poverty reduction and economic growth. Evidence presented indicates that projects that have focused on the development of business service markets in general have provided services that benefit clients and meet their needs. Projects generally have helped to remove internal firm constraints and increased enterprise sales, revenues and profits. In some cases, they also have contributed to the development of the market for business services (increasing the demand for and supply of services) by building local consultant capacity and increasing knowledge of MSE needs and requirements. What has not really been established through these studies is the question of sustainability (most are subsidized) and outreach of business services to the poor. This is an area that clearly requires further investigation.
- *Sustainability:* Many of the studies address the issue of sustainability, but they do not entirely resolve the question of whether project interventions have led to the provision of quality services on a sustainable basis. Sustainability is studied by assessing the extent to which the project activities have stimulated the demand for a new or improved services and/or the capacity of the private sector or business associations to provide these services on an ongoing basis. Several studies use willingness to pay as an indicator of the demand for the service. While there is overall consensus that clients should pay at least part of the cost of business services, the studies do not shed much light on what the market will bear or how much clients would be willing or could afford to pay for services. Commercially viable business services, by and large, are customized or relevant to the particular sub-sector in which the firms operate. These services are generally paid for by small and medium enterprises. Whether or not microenterprises are able to pay for business services remains unanswered. Although some programs have shown progress in moving towards sustainability, the issue of sustainability is one that almost all programs continue to grapple

with. Many of the evaluations refer to the need for projects to identify and focus on enterprises with growth potential for the purpose of achieving impact and sustainability.

- *Policy environment:* Many studies highlight the importance of the policy environment in support of private sector development efforts in project design (e.g. Bulgaria FLAG Program, SPS-related Programs in Central America). Good macro-level policies and stable environments are considered critical to the success and effectiveness of BDS-focused programs, and especially those focused on trade (e.g. Ghana TIRP or Kenya KEDS). However, the evaluations do not look systematically at the impact of the policy environment on enterprise growth and development and other impact indicators.
- *Institutional partners:* Many evaluations focus on the importance of working through business (trade) associations and producer groups in promoting MSE access to product, input and service markets and inter-firm vertical and horizontal collaboration, (e.g. Ghana TIRP, Kenya KEDS, Kosovo KADP and Egypt ATUT). The studies find the benefits of associations for MSEs, especially those that are responsive to their membership and are effective on the policy side, to include their potential ability to take advantage of economies of scale in purchasing inputs, sharing market information, policy advocacy on behalf of MSEs, etc. For larger firms working with producer groups or associations, benefits may mean such things as lower transaction and search costs and maintaining quality standards or filling large volume orders.

Frameworks of analysis

A key finding of this review is the need for more systematic frameworks of analysis for studying the impact of MSE development programs. While the AT India and Uganda study designs conceptualize impact chains and the SEED and Mekong studies present simple program logic models, a majority of these evaluations do not include systematic frameworks of analysis.

- Most of the evaluations do not focus at the level of impacts. Their focus largely is on performance monitoring, that is, outputs and outcomes rather than impacts. The emphasis of evaluations on activities and performance rather than impacts has been noted in other reviews of evaluations of development programs (Clapp-Wincek and Blue 2001). Annex D points out some of the differences between performance monitoring and impact assessment.
- Many programs have goal statements focused on poverty reduction, employment generation, and/or economic growth, but the evaluations did not focus on impacts at this level. Very few of these evaluations focused on market level growth or household incomes. To the extent they measured change, it generally was in the area of intermediary outcomes such as market linkages or firm level sales. It is important to include these intermediary

variables within IA frameworks for MSE development programs. However, household and market level impacts are important links to the goals of poverty reduction and economic growth.

- Poverty reduction featured in a few of the project goal statements, but this did not carry over to the assessment of impacts. There was little or no attention to the question of poverty impacts. They did not assess the wealth level of people and households linked to MSEs (or other) enterprises, the poverty status of targeted geographic areas or changes over time in variables related to poverty. The evaluation of Peru's PRA program is an exception in that it offers anecdotal evidence on poverty impacts. Clients and other PRA beneficiaries expressed the view that PRA is contributing to the alleviation of poverty and that this contribution will likely increase over time. NGO representatives also described the positive role that PRA has contributed to reducing poverty in different corridors. However, their concepts about the nature and magnitude of the project's poverty impacts are quite variable. Given that poverty reduction is a compelling reason for donors to support MSE development, it should be given more attention in impact assessments.
- It is difficult to discern a link between MSEs and the projects in some of the evaluations – especially evaluations of programs that involve MSEs but are not targeted exclusively to them. These include, for example, trade, investment promotion, capacity building and privatization projects. Many of these evaluations did not distinguish between MSEs and other enterprises in terms of participation or impact.
- Although most evaluations present some general information about the context in which the projects are implemented, it is often at a fairly general level. Some of the projects focus on constraints to access markets or enterprise growth. However, most lack more specific information about economic, social or physical context factors that may affect the enterprises or program interventions.
- Time is an important correlate of impact. Depending on the type of intervention, different impacts manifest themselves at different points in time. For example, trade projects need time for impacts to manifest themselves. A repeated theme in the studies was the need for more time to determine impacts on jobs, cost benefit ratios and sustainability. One evaluation concluded that for these types of impacts, a time span of 5 to 10 years is needed (Study of Colombia and El Salvador Competitiveness Promotion Initiatives).
- There was little or no focus on households. Household level analysis is important for understanding decision processes related to the allocation of household labor and other resources to enterprises, and entry into new activities. It is also important for understanding

program impacts on income, consumption, assets (physical, human, financial, and social), vulnerability, opportunity and other dimensions of poverty.

- The evaluations, as a whole, did not address human and social dimensions of enterprise development programs or impacts. They almost entirely neglected gender impacts; at most a few studies provided a breakdown of beneficiaries by gender. The studies did not consider issues such as the impacts of projects' training and technical assistance on human capital development, or address dimensions of social capital that play such a large role in shaping opportunities and constraints for MSEs and value chain governance patterns.
- Environmental impacts were also neglected. Very few evaluations referred to or discussed the issue and those that did only discussed it in general terms.

Some implications for research design

- It is important to define the conceptual framework for analysis of impact as a guide for conducting an impact study and present evaluation findings in that light.
- In order to ground impact assessments in reality, it is important to include information on the economic, social and human context in which the program operates. They are part of the social context. In conducting future impact assessments it also is important to pay attention to the policy (enabling) environment within which the program(s) operate(s), especially for programs that focus on trade, investment, competitiveness and export promotion.
- Temporal issues are important in designing an impact study. It is important to consider what impacts are realistic within the timeframe of the evaluation. A repeated comment was that the time frame of studies was too short to pick up significant impacts on jobs, cost benefit ratios and sustainability. One evaluation concluded that a time span of 5 to 10 years is needed to assess these types of impacts (Fox 2003). The design of impact assessments should distinguish between shorter-term impacts and those that are likely to emerge over a longer timeframe. This affects the selection of variables, decisions about which variables to study, and when and how much change can be expected at different points in time. The time period between data collection rounds in longitudinal studies should consider these temporal dimensions of impact.

Methodologies

A related finding from this review is the need for stronger methodologies to study impacts. Although principles of good practice in impact assessment seem to be widely understood, they are often not followed in practice. While a few of the evaluations did use systematic and well-documented methodologies (AT India and Uganda, Vietnam Training for Women in Micro and Small Enterprises in Vietnam phase 2, PRA) many more did not. The following issues related to methodologies emerged from the review.

- A very limited number of the impact assessments used a quasi-experimental design to attribute change to the project interventions. While some types of impacts do not lend themselves easily to quantitative or quasi-experimental evaluation designs, others do. In any case, it is not possible to draw conclusions about impact without being able to reasonably link that change to the project or intervention. This requires establishing a counterfactual. The case for attribution is further strengthened by before/after comparisons and controls for self-selection and other factors that are likely to contribute to change. In general, there is a need for more standards and rigor in conducting evaluations. Greater attention is needed to using frameworks of analysis and consistent and more precise definitions of evaluation terms (e.g. inputs, outputs, outcomes and impact).
- Quantitative findings on impact were not complemented with qualitative information and case studies to put a human face on the findings and provide a more in-depth understanding of impact processes, the forces at play that affect impact and the links between projects and impacts. The use of mixed methods can improve the validity of findings and help to strengthen conclusions about impact.
- There is a general need for upgrading the monitoring and evaluation systems of programs, ensuring that they are addressed in the design phase and are set up and maintained during project implementation to improve program performance and effectiveness. Future impact evaluations should be conducted on programs with a strong M&E component, as this information establishes the extent to which the interventions are achieving outputs and outcomes – critical intermediary steps in the impact chain.
- It is important to conduct impact assessments with programs that have a solid design, operate in relatively stable environments and are likely to be effectively implemented. Projects that undergo major overhauls or shifts in focus pose a serious challenge in measuring impacts and are not good candidates for impact evaluations. Stability and

consistency during the implementation phase is critical to the ability of studies to capture true impact.

- In light of the evidence regarding spillover effects in past studies, it is important to consider these effects in selecting appropriate control or comparison groups.

Challenges for improving the design of future impact studies

As AMAP moves forward in efforts to design and carry out MSE impact studies, it faces a number of challenges to ensure they are credible, useful and cost effective. In addressing these challenges it will be important to draw on previous experience with BDS, enterprise development, microfinance and other types of impact assessments. They have much to offer. At the same time, given some unique features of the emerging AMAP paradigm focused on integrating MSEs into value chains and clusters, it also will take some creative design work, experimentation at the field level and intensive dialogue with stakeholders—the ‘audience’ for impact assessments. Four key challenges are discussed below.

1: Establishing standards for enterprise development impact assessments

In general, the review suggests a lack of standards for impact assessment in terms of frameworks of analysis, methodologies, implementation and dissemination. Work on this issue within the BDS community over the past few years has done a lot to raise awareness of the need for systematic approaches and the challenges of designing credible and cost effective methodologies that generate useful findings. As MSE programming frameworks move beyond BDS market development to value chains and clusters, they are converging with broader enterprise development programs focused on trade, competitiveness, agribusiness and other programs that promote linkages to global markets. The task of impact assessment becomes larger, but potentially more important. One challenge will be keeping a focus on MSEs within the context of these broader based efforts. Another challenge will be not to forget the large numbers MSEs that are likely to be left out of opportunities created by these types of programs.

Fortunately, standards for IA increasingly are accepted in the development community. In the microfinance field, for example, CGAP has initiated a number of efforts to draw up guidelines for credible, useful and cost effective impact assessments and to improve IA methodologies. These guidelines are based on the premise that different IAs have different purposes, from proving to improving impacts, and this drives the choice of methodologies that can range from simple to complex (Hulme 1999). Within the enterprise development community efforts are underway to develop common frameworks for evaluating BDS focused programs, both in terms of performance monitoring and impact assessment. AMAP’s IA work will contribute to these ongoing efforts.

As part of these efforts, standards of good practice are needed not just for the design of studies, but also for their implementation, the analysis of data and disseminating findings. At a minimum, IA should articulate key questions, conceptualize an impact chain, formulate hypotheses and define relevant variables to study hypothesized changes. Given that IA can use a range of methodologies, there is no one standard to follow. IA should provide a rationale for the methodologies used and document them. Standards of good practice should be developed for both qualitative and quantitative methodologies.

In developing standards it is important to recognize that IAs can have a range of purposes from improving programs to proving impacts. Depending on purpose and resources available, assessments can range from simple, lower cost approaches to more complex, higher cost approaches. While they all should follow standards of good practice and rigor, standards should be adapted to fit each type of methodology.

By definition, attribution is a fundamental ingredient of an impact assessment. The ability to associate change with an intervention is what distinguishes IA from performance monitoring and other types of evaluations. The fact that this was a weak point in most of the studies reviewed is a critical issue to address in future studies.

Improved IA design can do a lot to address the weaknesses of past evaluations by plausibly associating changes to interventions³⁴. Measures that can assist in better capturing the impact of programs at the firm level include conducting impact evaluations that use more rigorous methodological approaches (e.g. quasi-experimental studies using time series data)³⁵, improving sample design (e.g. ensuring that the sample of firms surveyed is representative of the pool of clients served by the program and is large enough to allow drawing conclusions about impact on all clients, and using different measures to lower non-response or remove potential bias in findings). In addition, relying more on objective data on firm performance rather subjective accounts given by enterprise operators/owners can also improve the reliability of firm-level findings. Past studies suggest that program impact is likely to be different for firms of different size and characteristics. Impact is also likely dependent on the extent to which firms have received services through the program. It is also important to consider what impacts are realistic

³⁴ Social science methods can never prove that one thing (an MSE program intervention) caused another (a specific impact). Thus, it is not possible to definitively *attribute* an impact to a program. What can be done is to make the strongest possible case for attribution by taking a number of steps, for example: having a good causal model; establishing a good counterfactual; addressing the issue of selection bias; using appropriate methods for data collection, sampling and analysis; and eliminating alternative explanations.

³⁵ Associating change to an intervention does not always require a quasi-experimental study design, although this is preferred. Data from well- documented qualitative studies also can be used to demonstrate the link between program interventions and changes, although it is not possible to generalize these findings.

within the timeframe of the evaluation. Examining the impact of programs on employment may require a longer timeframe. Finally, impact evaluations that seek to capture employment effects of business development services should address such issues as the type and quality of jobs that are created with the assistance of the program.

2: Developing frameworks of analysis for IA that integrate concepts relevant to value chains and clusters

For a number of programs that work on a sectoral basis the focus has shifted from the sector or sub-sector to “value chains” or “clusters”. These programs are designed based on the premise that all economic activity in a particular sub-sector is embedded in a network of market linkages with suppliers and customers-“complementors” as well as competitors. A value chain refers to the range of activities that are required to bring a product or service from conception through different phases of production involving a combination of physical transformation and the input of various producer services, delivery to final consumers and final disposal after use.³⁶ A cluster refers to an economic network linking a group of enterprises, often geographically concentrated, that seek to serve the same market.³⁷ The relationships among economic agents that complement and compete with each other in the production and sale of particular goods and services define value chains and clusters. According to Barber and Ernst, “the new focus on value chains and clusters adds a few dimensions to the analysis framework typically used by sectoral or sub-sector interventions:

- An explicit recognition that value chains are global;
- Awareness of the importance of the power relationships between actors in the chains (governance, as discussed above);
- Increased focus on where, why, and to whom the “rents”- or benefits - accrue within a value chain;
- A concern with the nature of information sharing and how suppliers, especially smaller firms, learn from their buyers;
- A heightened understanding of the dynamics of inter-firm cooperation – either horizontally among firms of the same size or vertically between suppliers or subcontractors and their buyers;
- Emphasis on the dynamic nature of value chains, and thus the need for ongoing analysis during-not just prior to-project implementation and,
- Viewing business services as one of several critical ingredients to a functioning value chain, cluster or business system.”³⁸

³⁶ Barber, Ted and Ulrich Ernst, *Trade and MSEs*, Draft Prepared under AMAP K&P, May 12, 2004, p. 15.

³⁷ *Ibid.*, p. 17.

³⁸ *Ibid.*, p. 19.

The efficiency or productivity of the value chain or cluster as a whole is primarily a function of how well each of the participants performs, both upstream (providers of inputs and business services) and downstream (distributors, shippers), how effectively firms operating along the value chain compete and cooperate with each other and costs of transaction up and down the value chain. Interventions that can effectively facilitate productive relationships along the value chains or clusters and reduce transaction costs can benefit firms by improving sales, profits and incomes, provided that there is growing market for the product. A number of projects focus their activities on building relationships between micro and small producers and larger firms, exporters, buyers or intermediaries and facilitating the flow of market information to these enterprises (backward linking of lead firms with MSEs). These programs often include a technical assistance component to MSEs in the areas of quality control, product development, upgrading, and others in order to improve firm performance and facilitate their integration in the value chain or cluster.

Given the nature of these programs, studies that have attempted to capture their impacts have mainly focused on indicators of market linkages (both forward and backward linkages), sub-sector level indicators and firm level indicators.³⁹ Findings from the studies show that programs have generally been successful in improving firm performance and sales. In terms of promoting market linkages, studies show that these programs have had some success in linking MSEs or producer groups into productive value chains or clusters primarily as subcontractors or suppliers to lead firms, especially those who export. Examples are Peru PRA, JOBS⁴⁰, and Mali Crafts projects. However, these findings in most cases are based on qualitative rather than quantitative data.

One of the issues that have come out of the studies of enterprise development programs, especially those that focus on BDS in value chains and clusters, is the importance of effective governance structures (whether in the form of institutional arrangements, such as associations, informal leadership structures or others) in reducing transaction costs up and down the value chain, strengthening lateral and vertical linkages, and facilitating cooperation among firms especially where trust is lacking. For example, evaluators of the Peru PRA study note that what is most lacking to the successful forging of the marketing link along the value chain is trust between the parties to a deal. In fact, the study suggests that the role of the ESC advisor as a “moral guarantor” of the performance of the parties to a deal is as important as any technical or

³⁹ Fox’s report on competitiveness initiatives in El Salvador and Colombia summarized and presented in Annex C of this report provides a discussion on appropriate indicators for studying the impact of cluster promotion initiatives.

⁴⁰ The JOBS project has focused on linking clusters of MSEs to lead firms who primarily export. JOB’s first market linkage program was with the shoe sector and it later focused on home and clothing textiles, electrical, leather goods and handicrafts sectors.

informational input. Although a number of evaluations discuss the importance of governance structures, none of the studies has systematically looked at the issue of governance as it relates to impact. This is an area that should be further examined.

Credible IA designs need conceptual frameworks that articulate the links between MSEs and value chains and clusters, the role of MSEs in ‘systemic efficiencies’ or competitiveness of value chains (Barber and Ernst), and the firm, household and market level impacts of integrating MSEs into value chains. Figure 3 identifies important concepts to include in the IA of programs focused on integrating MSEs into value chains and clusters.

**Figure 3:
Concepts related to competitiveness/systemic efficiencies to include in IA frameworks**

<i>Inter-firm collaboration and cooperation</i>	<p><i>Vertical linkages—to ‘complementor’ enterprises in upstream value chains (suppliers of inputs and business services) and downstream value chains (shippers, distributors, buyers).</i></p> <p>→ <i>Horizontal linkages—how cooperation among competitors contributes to systemic efficiencies of value chain, for example, use of shared information or other relationships of trust</i></p>
<i>Governance structures</i>	<p><i>Formal or informal institutional arrangements</i></p> <p><i>Leadership structures</i></p> <p>→ <i>Balance of power in relationships</i></p> <p><i>Role of governance structures in formalizing relationships of trust</i></p>
<i>Transaction costs</i>	<p><i>How risk affects transaction costs</i></p> <p>→ <i>How governance structures affect transaction costs</i></p> <p><i>How search costs affect transaction costs</i></p>
<i>Social capital</i>	<p><i>How formal and informal relationships of trust can contribute to well functioning value chains, i.e., systemic efficiencies.</i></p> <p>→ <i>How other forms of social capital (often based on social or family ties) contribute to systemic efficiencies or constraints in value chains</i></p>
<i>Upgrading</i>	<p><i>Process upgrading—transforming inputs to outputs more efficiently</i></p> <p><i>Product upgrading—adding more sophisticated product lines</i></p> <p>→ <i>Functional upgrading—carrying out new functions</i></p> <p><i>Inter-sectoral upgrading—using knowledge from one chain to move into another</i></p>

3: Defining “participation” and the pool of potential beneficiaries in the context of enterprise development programs

Identifying the pool of potential beneficiaries is necessary for knowing who to study in impact assessments. This is relatively straightforward in some types of programs, for example, those that target training or technical assistance to MSEs. It is much more difficult in programs that focus on market development (for example, a program that stimulates the supply of a new input or reduces a constraint that affects all firms in a sub sector) because the program participant (e.g., input suppliers receiving training and finance or a new trucking company) is only one of many

enterprises that will potentially benefit. Policy projects face similar challenges in defining ‘participation’ and measuring impact.

Defining the degree of participation or exposure to the intervention is a related challenge. This is important because the degree of participation varies a lot in enterprise development programs, and those who participate more intensely can be expected to benefit more than those who participate less intensely. In analyzing impact findings, it is important to be able to divide up the sample according to degree of participation or exposure in order to come up with meaningful findings.

An added challenge of MSE enterprise development programs is that many have multiple components with different types of interventions (e.g., input supply, market access, policy reform) variously targeted to different types of enterprises (producers, suppliers, service providers, large scale, small scale, etc.). This makes defining participation quite complex. This challenge should be addressed but not underestimated.

Defining participation and identifying potential participants is a first step in considering the distribution of benefits and differences in impacts across different groups of MSEs and households. For programs that focus more broadly on the development of sub sectors or value chains that benefit a wide range of enterprise types (not just MSEs), it is important in order to zero in on impacts on MSEs and poorer households.

None of the studies that we read explicitly addressed this “participation” issue in the design or analysis of findings. This is a weak point and a challenge that should be tackled to improve the credibility of impact findings.

4: Addressing impacts on poverty

An important rationale for donors to support the development of value chains and clusters (and other MSE strategies too) is their potential impacts on poverty. The development of value chains and clusters can have direct effects on poverty by creating employment, generating incomes, and reducing the vulnerability of small producers and poor workers. While many MSEs are operated by or employ poor people, it cannot be assumed that integrating MSEs into value chains reduces poverty. Not all MSEs involve poor people, and MSEs that do involve poor people may face a different set of constraints in linking to value chains and therefore miss out on these opportunities. Nor can it be assumed that integration necessarily leads to positive impacts on incomes, employment or well-being.

IAs should explicitly include a focus on poverty impacts. This might involve assessing the participation of poor people in value chains and clusters through mapping exercises and

measuring the extent to which they directly benefit through efforts to upgrade or promote market linkages. This is important not only for justifying donor investments, but for improving the design of value chain programs intended to reduce poverty and vulnerability and improve the lives of the poor. Emphasis on poverty and social impacts has not been a mainstay of many previous evaluations. Nevertheless, given the opportunities that value chain and cluster development approaches have for improving the lives of the poor, it is an opportune time to turn more systematic attention to these issues.

Conclusions

The findings from this review suggest several ways that future impact studies of micro and small enterprise development programs can be improved.

- Use more systematic and rigorous methodologies
- Conduct IA in the context of assessment frameworks that are based on a causal model that traces MSE linkages to input, product, financial service and business service markets (within the context of value chains and clusters) and, from there, to enterprises and households.
- Focus more on issues related to the integration of MSEs into value chains and clusters.
- Increase attention to program impacts as they relate to poverty reduction.
- Improve dissemination of research and evaluation findings.

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Annex A—Tables

Table 1: Description of Project

TABLE 1 Country/project/donor	Implementing organization(s)	Type of project and time frame	Project goals and objectives	Project activities
AFRICA				
GHANA Ghana Trade and Investment Reform Program (TIRP) USAID/Ghana	USAID/Ghana and Ministry of Finance (GOG) (overall management & implementation) Sigma One (policy reform and financial intermediation), AMEX Int'l, Inc., TechnoServe (TNS) and CARE International (private sector performance)	Trade and Investment Reform Program <i>Six years (1998-2004)</i> \$74 million	<i>Goal:</i> to increase private sector growth by improving policy environment, promoting financial intermediation, and improving private enterprise performance <i>Objectives:</i> -establish <i>linkages</i> between larger-scale enterprises and small micro-enterprises; - increase the <i>management capacity</i> of production and marketing enterprises; - increase use of improved <i>technologies</i> ; -increase access to <i>market information</i> and capacity to market selected domestic and non-traditional products; and -improve private enterprise access to <i>finance</i>	Establish a National Economic Forum & Inter-Ministerial Committee on Competitiveness to oversee policy research, review policy frameworks, and promote legislative and regulatory reforms. Encourage competitiveness through (1) development of financial instruments, (2) promotion of private firm innovation, and (3) mobilization of informal sector financial resources Improve private enterprise performance by (1) providing TA, advisory services and training to promote sustainable increases in private enterprise production and marketing (2) improving services of private sector business associations. <i>Targeted sector:</i> Emphasis on non-traditional agricultural exports <i>Targeted enterprises:</i> Microenterprises and small farmers
KENYA Kenya Export Development Support (KEDS) USAID	Development Alternatives, Inc.	Export Development <i>Five years (1992-1997)</i> \$6.5 million	<i>Goal:</i> to contribute to increased employment and foreign exchange earnings in Kenya on a sustainable basis <i>Purpose:</i> to increase non-traditional exports	Provide direct firm level support through EDF funds provided on a cost sharing basis supports (to share risk of undertaking new market dev., product, dev. And training activities) Provide indirect assistance through private sector trade and business associations and govt. in identifying viable export markets, produce internationally competitive products, promote & sell products in established & new markets, obtain information on changing markets, expand export production. Support the Export Promotion Programmes Office in the Ministry of Finance Carry out special studies to identify and suggest elimination of export bottlenecks within the environment for export in Kenya <i>Targeted sub sectors:</i> horticulture, manufacturing, handicrafts, food processing & other NTEs
KENYA The Kenya Management Assistance Programme (K-	The Kenya Management Assistance Programme (K-	Business services <i>Eleven years (1986-1996)</i>	<i>Goal:</i> to overcome barriers to SME growth and address the problem of the "missing middle" -- dynamic, high growth, indigenous SMEs	Provide one to one counseling assistance to SMEs on business planning, proposal preparation, business development and business diagnosis and rehabilitation

TABLE 1 Country/project/donor	Implementing organization(s)	Type of project and time frame	Project goals and objectives	Project activities
MAP) DFID	MAP)	\$1.6m (+)	<i>Objective:</i> to transfer expertise from established enterprises (large- and medium-scale businesses) to existing SMEs that are growth oriented and entrepreneurs interested in starting SMEs	(5 sessions for \$60) Carry out intensive, short term, and tailor made training courses in four areas: business start-up (including specific programs for graduates and redeployment of formal sector executives), business growth, women entrepreneurship and business export. Counseling and training are provided by K-MAP members who are large scale businesses that donate executive time and expertise to provide counseling services to SMEs <i>Targeted enterprises:</i> Small-sized formally incorporated enterprises with established premises and assets.
KENYA Micro and Small Enterprise Training and Technology Project (MSETTP)-Voucher program The World Bank	Ministry of Labor and Human Resource Development (MLHRD) and Ministry of Research and Technical Training	Business services <i>Eight years (1994 to 2002)</i> Restructured in 1997 \$11.28 million disbursed	<i>Objective:</i> to upgrade artisan and MSE production. Initial focus was on upgrading skills, infrastructure and the business environment. Restructured in 1997 to focus on the development of a domestic market for training and business services, using vouchers. Two main schemes, (1) the voucher training program (VTP) and (2) the technology and business development services voucher program (TBDS).	<i>Voucher training program (VTP)</i> Provide basic and intermediate skills training for artisans, micro-business owners, employees and individuals intending to start a business (subsidy was 90% and co-pay 10%). <i>Technology and business development services voucher program (TBDSVP):</i> Provide advanced and more specialized skills upgrading for training providers in technical and management areas – in conjunction with training institutions or subcontracted with larger firms (subsidy was 80% and co-pay 20%). <i>Targeted enterprises:</i> Micro (up to 10 workers) and Small Enterprises (11 to 49 workers)
MALI Strengthening Market Linkages-Crafts Sales in Mali (Support for Export of Artisan Products – SEPA) USAID	Action for Enterprise Service provider: Export companies	Business services <i>Market Linkages</i> <i>Value chain</i> <i>Two years (2000- 2002)</i> Funding (?)	<i>Objective:</i> To address sub-sector constraints through the provision of business services that strengthen market linkages and increase craft exports.	Facilitate market access/product development services (provision of new product designs to producers and access to new buyers and markets for producers) Facilitate quality control services (quality training and advice for producers) Facilitate the provision of production finance to producers <i>Target sub-sector:</i> Crafts export market (including leather goods, textiles, wood sculptures, jewelry, recycled figures, etc.)
SOUTH AFRICA South African International Business Linkages (SAIBL) Program	Corporate Council on Africa (CCA), (US PVO) Ebony Consulting	Business services Trade <i>Six years</i>	<i>Goal:</i> to generate employment through the promotion of international business linkages and to aid South Africa's fight against unemployment <i>Objective:</i> to promote South Africa's historically	Link South African SME firms with international (primarily US) and local partners Provide training and technical assistance to prepare and support South African SMEs to undertake

TABLE 1 Country/project/donor	Implementing organization(s)	Type of project and time frame	Project goals and objectives	Project activities
USAID	International (ECI)	(1998- 2004) \$5.04 (through 2004)	disadvantaged SMEs by creating linkages between SAIBL clients and local or US companies.	international business transactions Promote technology transfer through business partnerships, manufacturing licenses franchises, and other means Promote Agricultural Linkages (PAL) Encourage regional trade between South African Developing Countries (SADC) and South Africa Assist South African companies to take advantage of Africa Growth and Opportunity Act (AGOA). <i>Targeted enterprises:</i> Small, Medium, and Microenterprises (MSMEs) but most focused on SMEs
UGANDA The Business Uganda Development Scheme (BUDS) Component of the Private Sector Competitiveness Project World Bank/IDA and Government of Uganda	Private Sector Development Foundation TDI Group, Ireland (contractor) Inter Africa Corporate (sub contractor)	Business services Competitiveness 4.75 years (1996 - 2001) \$2.88 million grants (\$4,653 per client) plus \$675,000 recurrent	<i>Goal:</i> to make the Ugandan private sector more competitive, so that it could expand in both domestic and international markets <i>Objective:</i> to stimulate and accelerate the injection of know-how & expertise into Ugandan enterprises, in order to secure a higher level & growth of output, sales and profits for participating firms.	Provide matching grants for users of business consulting services Offer hand-holding advice by the BUDS contractors Provide matching grants for local business service development <i>Targeted enterprises:</i> Providers of business consulting services
UGANDA Investing in Developing Export Agriculture (IDEA) project USAID	Chemonics	Agricultural and rural development w/BDS component 4 years (1995-1999) \$25 million	<i>Objectives:</i> -to expand low value food exports to regional markets -to increase production and export of high value products -to increase rural household incomes	Support private exporters and traders through vertically integrated 'commodity systems' approach Develop technology packages Carry out field demonstrations, seed multiplication activities, market information dissemination, Identify market opportunities, Promote links between producers and traders/exporters, input suppliers and other service providers <i>Targeted sectors</i> High value export crops: cut flowers, fruits, vegetables, essential oils, spices Low value export crops: maize and beans (?) <i>Targeted enterprises:</i> Exporters, transporters, input suppliers, technical expertise in the production of NTAEs
UGANDA Facilitating Agricultural Input	AT Uganda	Business services Agriculture	<i>Goal:</i> to develop the agriculture input distribution sector thru training and linkage activities. <i>Objectives:</i> to promote a ripple effect of business	Provide training rural input retailers in management & business techniques including use of demonstration plots,

TABLE 1 Country/project/donor	Implementing organization(s)	Type of project and time frame	Project goals and objectives	Project activities
Distribution Linkages USAID		(value chain)	improvement from larger to smaller agricultural input retailers; to increase demand for and sales of agricultural inputs; to promote the integration of poor retailers into mainstream markets in a sustainable manner	<p>Carry out research on output markets</p> <p>Enhance retailer access to credit on a commercial sustainable basis;</p> <p>Use retail suppliers to improve farmer access to product market information</p> <p>Reduce donor distortion in the input market</p> <p>Encourage bulk procurement by retailers' groups & linking retailers with produce dealers to create one-stop service centers where farmers can both access inputs & market their produce.</p> <p><i>Targeted enterprises:</i> Retail agricultural input suppliers</p> <p><i>Targeted sub sector:</i> Agricultural input distribution chain</p>
ASIA				
BANGLADESH JOBS project USAID	IRIS, University of Maryland MED - Buro Tangail, Society for Social Services (SSS), Center for Development Services (CDS), and TMSS	Business services Market linkages Policy <i>5 years</i> <i>\$10 million</i>	<i>Goal:</i> To create sustainable wage-based employment for small, medium and micro enterprises through technical assistance, marketing, networking, support services, and policy initiatives.	<p><i>MED program</i></p> <p>Facilitate producer group formation thru TOT to producer groups, microfinance and bank loans to members, marketing assistance.</p> <p><i>Micro Policy/Marketing Linkage Program</i></p> <p>Promote market linkages for SMEs through TA to producer associations (in areas of training, marketing and human resource development), and promotion of collective marketing. Work with service providers within and outside NGO/MFI network</p> <p><i>Small and Medium Enterprise Development</i></p> <p>Facilitate market development for emerging export sectors thru training and TA for different level SMES, marketing interventions, forward and backward linkages along supply chain (e.g., links between lead firms and producer groups), trade fairs and market information. Promote 'clusters' through four NGOs.</p> <p><i>Macro Policy and Marketing Component</i> Promote policy changes supportive of SMEs: Information Technology Act, Collateral Registry for financial institutions; draft of Secured Transaction Law (to provide opportunity to lend moveable assets).</p> <p><i>Targeted sectors:</i> agriculture, dairy, emerging export sectors including footwear, home and clothing textiles, electrical, leather goods, handicrafts</p> <p><i>Targeted enterprises:</i> small and microenterprises,</p>

TABLE 1 Country/project/donor	Implementing organization(s)	Type of project and time frame	Project goals and objectives	Project activities
				producer associations involving like-minded microenterprises,
BANGLADESH The Bangladesh Rural Advancement Committee (BRAC) Poultry Programme DFID	BRAC (NGO)	Business Development Services <i>Ongoing</i> <i>1972-present</i> Annual income from commercial activities in 1998 was \$16 million and BRAC had a net surplus of \$310,000 that same year. BDS operational costs were \$555,000 in 1997 and \$789,000 in 1998	<i>Goal:</i> To reduce rural poverty by integrating BRAC members into the poultry sub-sector and developing the capacity of BRAC members to act as BDS providers in order to stimulate market development for services to the poultry sector. To promote the production of high yield variety poultry by the poor	Provide training, equipment, and the inputs of high yield variety chicks, good quality feed, and medical supplies. Train BRAC members as extension agents providing poultry extension services such as basic veterinary techniques, chick rearing, feed production, or egg marketing. Extension agents provide inoculations, medicines, eight-week birds, feed and marketing services to other BRAC members and the wider community. <i>Targeted sector:</i> Poultry <i>Targeted enterprises:</i> MSMEs, mainly microenterprises
INDIA Development of a BDS Market in Rural Himalayas, India USAID	Appropriate Technology (AT) India	Business Development Services	<i>Goal:</i> To promote growth in the dairy sub-sector through the development of a business development services (BDS) market To increase demand and supply of BDS in these two watersheds, To improve the quality and quantity of milk and milk products sold by micro dairy owners To increase milk production To increase the income earned by micro dairy farmers To assist small dairy farmers shift from subsistence to commercial dairy production of	Facilitate marketing capacity of Business Services Providers (BSPs)/milk collection services Facilitate development of fodder nurseries Promote of village-based fodder industries Test (and disseminate) appropriate technologies Introduce BSPs (and potential BSPs) to improve breeding practices Promote value & importance of BDS goods/services/milk collection Train dairy owners in improved animal husbandry techniques, need for collection services, possibilities in microfinance self help groups Facilitate formation of cooperatives of dairy owners & linkage with financial services institutions <i>Targeted sub sector:</i> Dairy (milk value chain) <i>Targeted enterprises:</i> 4,000 micro dairy producers and farmers
SRI LANKA The Competitiveness Initiative (TCI) USAID	Nathan Associates (contractor) J.E. Austin Associates (subcontractor)	Export Competitiveness through Cluster Development <i>Five years</i> <i>(1999 to 2004)</i> \$4.58 million (for initial	<i>Goal:</i> Promote export competitiveness by assisting associations and by creating clusters of associations and related interests <i>Objective:</i> Promote the formation of competitiveness clusters	Promote cluster formation through full-time cluster coordinators who diagnose opportunities & threats, create strategies & action plans, STTA Benchmark the level of competitiveness in Sri Lanka through participation in WEF survey and the 2001 <i>Global Competitiveness Report</i>

TABLE 1 Country/project/donor	Implementing organization(s)	Type of project and time frame	Project goals and objectives	Project activities
		2.5 years)		Disseminate competitiveness through conferences and workshops <i>Targeted sectors:</i> eight clusters related to rubber, tea, gems and jewelry, tourism, ICT, coir, ceramics, spices
VIETNAM Training for Women in Micro and Small Enterprises in Vietnam phase 2 (TWMSE2) Dutch Foundation for Coop of Interntl Edu Inst & WU	Maastricht School of Management (MsM)	Business Development Services 2001-	<i>Goal:</i> To improve women's disadvantaged position in Vietnam through promoting women's entrepreneurship and supporting micro and small enterprise development.	Provide TOT to local members of Women's Union to become trainers in basic financial management, marketing and business planning and skills development. Trained members, in turn, provide business management training to 960 women entrepreneurs in Northern Vietnam. <i>Targeted enterprises:</i> MSEs
VIETNAM, CAMBODIA & LAOS The Mekong Project Development Facility (MPDF) IFC and other ten other donors	MPDF and intermediary SME service delivery organizations	Business Development Services <i>Five years (1996-2001)</i> \$19 million (+)	<i>Goal:</i> To promote the establishment and expansion of commercially viable SMEs in Vietnam, Cambodia and Laos <i>Objectives:</i> To (1) secure long-term investment capital for viable projects and strengthen their performance by addressing non-financial needs, and (2) build the capacity of financial institutions, training institutions and other organizations providing services to SMEs.	<i>Company Advisory Services</i> Provide TA in marketing, business operations, MIS, ISO 9000 certification, and preparation of loan applications. <i>Development of Business Support Services</i> Facilitate development of intermediary organizations to deliver services on a sustainable basis 1)Management training programs targeted to SMEs 2)Flexible (distance) learning program involving self-study workbooks 3)Loan analysis and other training programs for banking institutions Provide risk capital to SMEs in the region through the Mekong Enterprise Fund Prepare discussion paper on private sector issues in three countries <i>Targeted enterprises:</i> SMEs
MIDDLE EAST AND NORTH AFRICA				
EGYPT Agricultural Policy Reform Program (APRP) USAID/Egypt	Government of Egypt (GOE) Ministry of Agriculture and Land Reclamation (MALR); Ministry of Trade and Supply, Ministry of Works and Water resources, and	Policy Reform/ Regulatory Reform/ Privatization <i>Six years (1996-2002)</i> \$245 million for cash disbursement as Sector Program Assistance to participating GOE entities	<i>Goals:</i> Policy reform to create an economic and political environment conducive to the development of a private sector-led agricultural economy	Annual cash disbursements to GOE for sector program assistance upon achievement of policy reform benchmarks. Provide technical assistance to GOE to assist with development, enactment, implementation, monitoring and evaluation of policy reforms related to agriculture and water in Egypt Institute regulatory reforms in areas of pesticide registration, fertilizer, seeds, genetically modified

TABLE 1 Country/project/donor	Implementing organization(s)	Type of project and time frame	Project goals and objectives	Project activities
	Ministry of Public Enterprises. The Reform Design and Implementation Unit set up to coordinate project	\$50 million grant for the Technical Assistance for the Agricultural Policy Reform Program.		organisms, and horticultural development. Introduce system for collecting, managing and distributing cost of production and farm income data; web based market information on cotton, rice and horticulture. Conduct research on women's employment, incomes and participation in the agricultural economy in Egypt Work with GOE to implement a policy to collect and analyze gender-disaggregated data. <i>Targeted enterprises:</i> private sector associations, multi-purpose cooperatives & specialized cooperatives mainly made up of small-holding farmers <i>Targeted sub sectors:</i> cotton, water (as related to rice and sugar cane), rice, fertilizer industry, horticulture, dairy, meat, and fish sectors,
EGYPT Rice Subsector-Part of the Agricultural Policy Reform Program (APRP) USAID/Egypt	Government of Egypt (GOE) and USAID Ministry of Agriculture and Land Reclamation (MALR)	Policy Reform <i>Five years (1996-2002)</i> (see the overall APRP budget above).	<i>Goals:</i> To make policy adjustments to create an economic and political environment conducive to the development of a private sector-led agricultural economy	Develop policy measures and benchmarks in four areas directly related to the rice sub sector: -Market and trade liberalization -Privatization of public rice mills -Conserving water in rice cultivation -Public advocacy <i>Targeted sub-sectors:</i> cotton, rice, seed sub-sectors
EGYPT Agricultural Technology Utilization and Transfer USAID/Egypt	Ministry of Agriculture and Land Reclamation (MALR). The Ronco team (USAID contractor)	Agriculture-Horticultural Commodities Exports-Production Technology Transfer <i>Six years (1996- 2002)</i> Budget: \$55 million for the period 1996-2001	<i>Goal:</i> to expand exports and sales of a select group of horticultural products by upgrading production to meet export quality standards and increase sales.	Provide TA to large growers and grower-exporters in identifying buyers, negotiating with buyers, and using new technologies to expand exports. Provide technical support to medium and some smaller scale growers. Train extension workers to provide technical services in areas of production, harvest, post harvest and other techniques to some 160,000 village-level farmers. Transfer production technology <i>Targeted sub sectors:</i> Horticulture crops (fine green beans, grapes, strawberries, and cut flowers) food crops, and biotechnology. <i>Targeted enterprises:</i> The primary targets were large growers and grower-exporters and the secondary targets were medium and smaller scale growers.
LATIN AMERICA AND CARRIBEAN				

TABLE 1 Country/project/donor	Implementing organization(s)	Type of project and time frame	Project goals and objectives	Project activities
LAC 100 BDS projects MIF		BDS 100 BDS Projects targeted to MSMEs and funded by MIF over the period from 1994-2002 Total funding: \$135 million	<i>Objective:</i> To evaluate MIF activities in the area of BDS and provide recommendation for future activities in this area	Evaluate all MIF-funded projects that involved business development services including training, consultancy and advisory services, marketing assistance, information, technology development and transfer, and business linkage promotion. <i>Targeted enterprises:</i> MSMEs
BOLIVIA Market Access and Poverty Alleviation (MAPA) Project USAID/Bolivia	Chemonics International Inc. and the Foundation for the Development of Agricultural Technologies (FDTA-Valleys)	Agriculture/Rural Development/Technology and Market Access <i>Two years</i> 2001 - 2003 (with an optional period of two additional years)	<i>Goal:</i> To increase income of Bolivia's poor through improved access to basic infrastructure, other factors of production, technology and markets. <i>Objectives:</i> -To get commercial agriculture moving in Bolivia's Valley's Region; -To support the Valley's Foundation, municipalities, Title II cooperating sponsors and farmers groups; -To make FDTA-Valleys an effective, efficient, and sustainable foundation within SIBTA (The Bolivian System for Agricultural Technology); -To eradicate illegal coca in the Yungas by creating economic alternatives through rehabilitation and commercialization of agriculture and related economic development activities.	Establish the Competitive Fund for Innovation (FCI) to: (1) Finance Innovative Applied Technology Projects (PITAs) in agricultural commodity chains with a focus on post-harvest and marketing links in those chains. (2) Finance Special Projects for Technological Innovation (PEITs), to promote new crops and the entire production, harvest, post-harvest, and marketing chain. (3) Finance Strategic Innovative National Programs (PIENs), - research and extension on a single crop (e.g., the appropriateness of onion seed varieties to different agro-climate zones). Set up the Agricultural Markets Information Service (SIMA) to collect and broadcast data on 100 agricultural commodities in seven departmental capitals Support coffee growers and tea revival thru improved production, post-harvest & processing technologies, and marketing; & tourism development, <i>Targeted sub sectors:</i> onions, peppers (locoto and aji), table tomatoes and table grapes, oregano and berries, specialty coffee, tourism and tea <i>Targeted enterprises:</i> Poor small-scale farmers
Central America (El Salvador, Guatemala, Honduras, and Nicaragua) Post Hurricane Mitch (1998) programs or projects conducted to address food Sanitary and Phytosanitary (SPS) problems or SPS-related compliance to promote exports of a wide range of non-traditional	49 organizations in 4 countries	Market Access Agricultural diversification and export promotion Trade capacity building <i>Ongoing</i> 1998-Present More than 24 projects or programs were included in the study. Funding levels not	<i>Objective:</i> To help meet Sanitary and Phytosanitary (SPS) related requirements for agri-food products destined for export to the U.S.	Train producers and processors in good agricultural practices, integrated pest management, water quality and environmental protection, disease control for crops and livestock, good manufacturing practices for dairy processing, NTAE marketing, disease resistant coconut breeding, pest risk assessments required for admissibility to U.S. markets, and identification of pest-free areas. Identify Medfly-free areas (USDA) Set up monitoring and control programs & train

TABLE 1 Country/project/donor	Implementing organization(s)	Type of project and time frame	Project goals and objectives	Project activities
agricultural export commodities. USAID and USDA		reported		regulatory agencies in SPS requirements. Build mango treatment plant in Honduras, Modernized cold storage and packing facilities in Nicaragua Assess the feasibility of food irradiation plants in Central America. <i>Targeted sub sectors:</i> Non-Traditional Agricultural Exports <i>Targeted enterprises:</i> Small farmers, associations, and cooperatives
EL SALVADOR Program for the Promotion of Non-Traditional Agricultural Exports (NTAEs) USAID/El Salvador	Salvadoran Foundation for Economic and Social Development (FUSADES) Technoserve; Cooperative League of the United States (CLUSA) Asociación de Productores y Empresarios Salvadoreños (PROESA)	Agricultural Exports Agricultural diversification Four projects: (1) Agribusiness Development Project <i>Eight years (1987- 1995)</i> \$33 million and counterpart contribution of \$11 million; (2) Rural Enterprise Development II Project <i>Five years (1990- 1995)</i> <i>\$6.5 million,</i> (3) Non-Traditional Agricultural Export Production and Marketing Project <i>Five years (1991- 1996)</i> \$9 million (4) Activity of the National Reconstruction Project Support for Transition to Peace in El Salvador <i>Two years (1994-1996)</i>	<i>Goal:</i> To promote Non Traditional Agricultural Exports (NTAE) as a means to create employment, increase exports and foreign exchange earnings stimulate general economic growth in the rural sector, transform Agrarian Reform cooperatives into self-sustaining commercial enterprises	<i>ADP</i> Provide credit, marketing support and TA to private enterprises and investors to stimulate investment in NTAE agribusinesses. Promote agricultural research, experimental farms and field trials, quality assurance program (QAP) and market and transportation assistance. <i>RED II</i> Provide training and TA in traditional and non-traditional crop production, livestock production Strengthen the organization and management of cooperatives and independent production associations Promote market access by linking cooperatives with other market firms, establishing supply contracts between producing cooperatives, exporters, and U.S. brokers of NTAE crops (e.g., honey dew melons, cantaloupes, black-eyed peas, sesame, okra, and baby cucumbers). Provide training and TA to rural cooperatives and small farmers affected by civil war in non-traditional crop production) & credit. <i>Targeted sub-sector</i> Agriculture, non traditional agricultural exports such as organic coffee, chili peppers, cantaloupes, marigold, onions, organic sesame <i>Targeted enterprises:</i> Rural cooperatives & small independent producer associations

TABLE 1 Country/project/donor	Implementing organization(s)	Type of project and time frame	Project goals and objectives	Project activities
		\$900,000		
PANAMA Trade and Investment Development project USAID	Foundation ANDE	Trade <i>Three years (1992-1995)</i> \$3.4 million	<i>Goal:</i> To diversify and increase the level of trade by Panama <i>Objectives:</i> To adopt policy changes that re-orient Panama's economy away from import substitution and towards free trade; To develop non-traditional light industry and agriculture	Carry out research on laws, regulations, and other constraints that adversely affect investment Prepare six product development plans (available for a fee) and a complimentary investment guide Provide TA interventions to requesting firms Establish a Commercial Service Center and a one stop business licensing center <i>Targeted sectors:</i> Light industry and agriculture <i>Targeted enterprises:</i> Existing and prospective Panamanian exporters and interested foreign investors.
PERU Poverty Reduction and Alleviation Program (PRA) USAID/Peru	Peru's National Confederation of Private Businesses (CONFIEP) (Implementing agency 1998-2002) Chemonics Int'l (Advisory role 1998-2002; implementing role 2002 on)	Market linkage Poverty Reduction and Alleviation <i>Five years (1998-2003)</i> \$16 million over five years.	<i>Goal:</i> to create new, dynamic job opportunities, increase incomes and reduce poverty by linking producers (largely poor campesinos) and large, established, national and international markets and market intermediaries <i>Objective:</i> to link producers of a wide variety of products in ten economic corridors to substantial, reliable national (Peru) and international markets	Establish Economic Service Centers (ESCs) to organize and strengthen value chains in 10 targeted economic corridors. Provide training and TA to clients to improve production and productivity, increase market knowledge, develop new contacts with reliable buyers, identify new market outlets, introduce new crops with better prices and markets, especially for export, and improve general management including selection of qualified personnel, credit applications, formalization of property titles, etc. <i>Targeted sub sectors:</i> Agricultural products, handicrafts, jewelry, furniture, etc. <i>Targeted enterprises:</i> Cooperatives and producer groups
TRANSITION COUNTRIES				
BALKAN REGION: Albania, Bosnia and Herzegovina (BiH), the Former Yugoslav Republic of Macedonia (FYRM), Kosovo, Serbia and Montenegro Southeast Europe Enterprise Development Facility (SEED) IFC and nine other international donors	SEED and Intermediary organizations that deliver services to SMEs	BDS, Enabling Environment, Capacity building <i>Five years (2000-2005)</i> \$25.4 million	<i>Goal:</i> To support the development of private businesses, build the capacity of business service providers, and enhance the environment in which businesses operate in the region. To create a liberal economic environment for trade to attract foreign investments and encourage the growth of a private market-based economy. <i>Objective:</i> To promote the development of new small businesses by improving access to capital improving the capacity of SMEs to efficiently utilize what current capital is available. To "...ensure consistent and coordinated efforts on shared priorities" among donors.	<i>Investment Services (IS)</i> Provide TA to develop Internal Enhancement Plans for firms and investment plans for particular projects. Identify potential investors and secure needed capital. Assist in conducting market research, developing marketing strategies, and establishing information systems. <i>Capacity Building-SME (CB-SME)</i> Carry out training programs in areas of marketing, financial, and human resource management. <i>Capacity Building-BDS (CB-BDS)</i> Expand the breadth & quality of services offered by BDS providers to SMEs (local consultants, business

TABLE 1 Country/project/donor	Implementing organization(s)	Type of project and time frame	Project goals and objectives	Project activities
				associations, and local economic development organizations) - <i>Business Enabling Environment</i> (BEE). Work with government agencies and international donors on various policy, legal, and regulatory reform efforts to improve the business environment for SMEs. <i>Targeted enterprises:</i> SMEs (mainly companies w/ more than 10 employees with no upper limit on firm size).
BULGARIA Firm Level Assistance Group (FLAG) Program USAID/Bulgaria	Consortium of US PVOs and one university. Initially there were 7 partners and eventually 3. The three main partners were International Executive Services Corps (IESC), ACDI/VOCA and University of Delaware.	BDS/Private sector Development <i>Five years (1997-2002)</i> FLAG partners derive their revenue from existing USAID contracts/grants and from (contributory) cost recovery efforts which involve the client companies	<i>Goal:</i> To increase private sector growth and competitiveness in Bulgaria through firm level assistance.	Provide TA in management, marketing and sales, human resource management, production operations & quality assurance systems, accounting & finance, & strategic planning. Provide market, technology & information services Provide training (U.S., third-country, and in-country) Facilitate trade show participation and business visits assistance Develop business plans and management systems <i>Targeted sectors:</i> Industry clusters include light manufacturing, agribusiness, financial services, communications, construction, tourism & consulting. <i>Targeted enterprises:</i> SMEs
KOSOVO Kosovo Agribusiness Development Program (KADP) USAID/Kosovo	An International Center for Soil Fertility and Agricultural Development (IFDC)	Agribusiness Development <i>Two years (2000-2002)</i> <i>Later extended to 32 months</i> \$4.2 million	<i>Goal:</i> to generate a rapid and strong impact on economic efficiency, growth and employment <i>Objectives:</i> To address key constraints to enterprise growth including lack of competition within and outside the private sector, lack of access to market information & markets for agri-inputs and farm outputs at regional and international levels, lack of access to institutional & commercial credit for trade & commercial transactions, lack of access to modern updated technology & use to improve the economic efficiency & impact of a more dynamic farm inputs supply system	Develop Agribusiness Trade Associations (ATA) to provide private extension services, information systems and credit services Promote market development for targeted agribusinesses through development of policies that facilitate competition, availability and access to credit and information, and access to modern updated technology. <i>Targeted sector:</i> Agribusiness

Table 2: Evaluation design

TABLE 2 Country & Project	Evaluation report and type of evaluation	Evaluation objectives and methods	Sample size	Variables studied
AFRICA				
GHANA Ghana Trade and Investment Reform Program (TIRP) USAID/Ghana	<p><i>Project Final Evaluation, Ghana Trade and Investment Reform Program (TIRP)</i>. Dirck Stryker (AIRD), James Purcell (MSI), Charles Jebouni (CEPA), Tawia Akyea (FTI) and Kofi Kwakye (FTI), Management Systems International (MSI), March 2003.</p> <p>Program evaluation external</p>	<p>To determine what has worked well, what has not, and lessons for the Mission's development strategy</p> <p>To assess progress towards achievement of SO-1 and TIRP results</p> <p>To assess the economic impact (both macro and micro) of TIRP on private sector growth</p> <p><i>Methods</i></p> <p>Review program documents; interviews with stakeholders; survey of 16 participating firms and professional organizations</p>	<p>16 firms in the agricultural, wood, garment/textile and processed food and handcraft sectors.</p> <p>Diversified sample across sub sectors, geographic regions and length of time associated with the program.</p>	<p><i>Impact Variables</i></p> <ul style="list-style-type: none"> -Value of production -# of small and micro-enterprises accessing credit and pre-financing -Amount of credit & pre-financing leveraged -# of financial institutions providing credit to assisted enterprises -% of assisted enterprises increasing value of production by at least 6% annually -% enterprises reporting annual sales increases of at least 25% -% of assisted enterprises adopting recommended management and marketing practices -% of assisted enterprises adopting recommended technological improvements -% of assisted enterprises utilizing recommended sustainable resource management practices -% of assisted enterprises utilizing pest management practices -% of assisted enterprises using market information
KENYA Kenya Export Development Support (KEDS) USAID	<p>"Report of the KEDS Mid-Term Evaluation" Delivery Order No. 1 August 1, 1995</p> <p>Price Waterhouse, Nairobi</p> <p>Mid term project evaluation External</p>	<p>To assess progress towards project goals and objectives; advise USAID mission on adjustments and future support.</p> <p>To assess</p> <ul style="list-style-type: none"> - the ethnic, socioeconomic, and gender characteristics of beneficiaries; - the impact of EDF assistance on non-traditional exports, employment, and foreign exchange in the Kenyan economy - adverse effects on the 	<p>Baseline survey of cross section of entrepreneurs who received assistance (conducted but not described in evaluation)</p> <p>Monitoring data on firms and trade associations directly participating in/assisted by project participants</p>	<p><i>Participation variables:</i></p> <p>Entrepreneurs who received assistance from EDF trade associations receiving support from KEDS</p> <p><i>Impact variables</i></p> <p>Enterprise level</p> <ul style="list-style-type: none"> - Market penetration - Export earnings - Employment creation

TABLE 2 Country & Project	Evaluation report and type of evaluation	Evaluation objectives and methods	Sample size	Variables studied
		environment		
KENYA The Kenya Management Assistance Programme (K-MAP) DFID	<i>The Kenya Management Assistance Programme: Innovative Delivery of Counseling and Training: A Case Study on Business Development Services for SMEs.</i> Rob Hitchins and Alan Gibson, The Springfield Centre for Business in Development, U.K., October 1998. Case Study External	To examine K-MAP experience against a framework of good practice principles agreed by the Committee of Donor Agencies for Small Enterprise Development, with a focus on services, clients, the market, financial viability, the institution, funding and impact. <i>Methods</i> Review of documents and records, review of findings from two previous impact assessments: (USAID 1994 and DFID 1998) focus group discussions with clients.	63 businesses (earlier impact study)	<i>Participation variables</i> Businesses registered as K-MAP clients and pay registration fee SMEs attending training courses only are therefore not included as clients. <i>Impact variables</i> Enterprise Level: -Increase in sales -Increase in employment -Increase in physical assets (plant and equipment by value) -Business survival rate BDS market Level: -Market Penetration
KENYA Micro and Small Enterprise Training and Technology Project (MSETTP)- Voucher program The World Bank	<i>Development Impact Study of the Training and Business Development Services Voucher Program.</i> David A. Phillips (GBRW Inc.), May 16, 2003. Development Impact Study	To assess the market and other development impacts of the two voucher programs. To assess sustainable impacts on (1) the creation of a viable market for business and advisory services, and (2) an increase in the supply & demand for business training and BDS. Focus on costs relative to impacts, appropriateness of design, and replicability. <i>Methods</i> Constructed a cost/benefit equation. Field visits, surveys of training providers and beneficiaries, visits to Allocating Agents,	22 training providers (10 worked on the VTP, 6 on TBDS only and 6 covered both) 23 training beneficiaries (15 were VTP recipients and 8 were TBDS recipients) The samples were not statistically representative, but included a diverse group of sub-sectors, in 4 separate locations and at 8 allocation agents. Among training beneficiaries surveyed 10 were new starts, 11 had businesses prior to the voucher program and 2 were employees who remained in employment. In terms of previous training experience, 50% were getting trained for the first time and 15% had been previously trained at market prices.	<i>Participation variables</i> - Training and BDS beneficiaries - Training providers <i>Impact variables</i> Market level - Increase in demand; - Increase in supply - Declared willingness by trainees to pay higher prices for repeater training after the ending of the program -New starts and enhanced business outlook (proxy for willingness to pay higher prices) -Investment in new training facilities, new fixed assets, such as equipment and classrooms - Diversification, reorganization & commercialization of training courses

TABLE 2 Country & Project	Evaluation report and type of evaluation	Evaluation objectives and methods	Sample size	Variables studied
		review of two previous tracer studies and other project documents.		-New employment of permanent service staff
MALI Strengthening Market Linkages-Crafts Sales in Mali USAID	<i>Strengthening Market Linkages: A Demand-Led Approach to Crafts Sales in Mali: Summary of Progress Reports.</i> Action for Enterprise (AFE), December 2002. Progress report	To provide a summary of the project's activities and progress relative to targets set for the project. <i>Methods</i> Interviews with enterprises and key informants in the sub sector	?	<i>Impact variables</i> -Increase in annual producer sales to export agents -Increase in annual exporter sales to importers -New jobs created -No. of micro-producers trained in product development & w/ increased sales -No. of micro-producers in export market for the first time -Master artisans trained as exporter consultants -Microproducer-exporter linkages created/strengthened
SOUTH AFRICA South African International Business Linkages (SAIBL) Program USAID	<i>South African International Business Linkages (SAIBL) Program – Evaluation & Impact Assessment.</i> P. Karungu, M. Stettler, and S. Chabane, KNC Associates, September 10, 2003. Evaluation & Impact Assessment External	To assess the impact of SAIBL on clients as part of larger program evaluation. <i>Methods</i> Consultative Participatory Approach involving discussions with key stakeholders and implementing partners, data analysis based on survey of a representative sample of beneficiaries, review of literature & program documents	40 beneficiaries were visited and interviewed 12 beneficiaries answered questionnaires via mail or facsimile. The sample of 52 represents more than a quarter of the total number of SAIBL clients (197).	<i>Impact variables</i> Enterprise level -Client Satisfaction -Jobs created -Increase in sales -Willingness to pay <i>Profile of sample participants</i> -Length of time with the program (in years) -Ownership by gender -Ownership by race -Firm size by number employees -Firm size by total employment before SAIBL -Types of industry
UGANDA Business Uganda Development Scheme World Bank/IDA and Government of Uganda	Impact Evaluation of the Business Uganda Development Scheme (BUDS) Uganda Manufacturers Association Consultancy & Information Services (UMACIS) No date	To assess the 'persuasive influences' from BUDS-supported activities and incremental sales revenue per unit of grant. <i>Methods</i>	180 BUDS clients 37 matched control firms	<i>Participation variables</i> Firms that received program reimbursements to use one or more consultancy (business) services <i>Impact variables</i> Sales or output New knowledge (related to markets, productivity,

TABLE 2 Country & Project	Evaluation report and type of evaluation	Evaluation objectives and methods	Sample size	Variables studied
	<p><i>Business Uganda Development Scheme, Final Report</i> No Author August 2001, Kampala</p> <p>External evaluation</p>	<p>Sample survey of beneficiaries and matched control group</p>		<p>employee skills, management systems and financial systems) Willingness to pay full cost of future service Satisfaction</p> <p><i>Profile of sample participants</i> Type of client (e.g., Individual firm; association; consultant service provider.) Size of client firms by # employees Location of firm by District Gender of enterprise owner Type of consultancy service used</p>
<p>UGANDA Investing in Developing Export Agriculture (IDEA) project USAID</p>	<p>"Investing in Developing Export Agriculture (IDEA) Project Evaluation – Final Report" Rita Aggawal, Jane Hopkins, Jeff Hill, Joe Carvalho</p> <p>Interim evaluation Internal (USAID staff carried out evaluation)</p>	<p>To examine project progress & recommend future planning and implementation.</p> <p>To fine tune on-going implementation, identify where program is having greatest impact, and where progress less than anticipated.</p> <p><i>Methods</i> Interviews with producer groups, business service providers, exports, USAID & project staff No before after or with/without Not a formal study of impact</p>	<p>Approximately 50 individuals/institutional representatives</p>	<p><i>Participation variables</i> Producers, out-growers, hired labor and exporters assisted by the project</p> <p><i>Impact variables</i> Market level: -Increase export value and farm-gate value of maize and beans -Increase export value of high value commodities (cut flowers, etc) -Increase number of small holders and hired laborers involved in production of high value commodities -At least 40% high value producers, out-growers, hired labor and exporters assisted by the project are women</p>
<p>UGANDA Facilitating Agricultural Input Distribution Linkages USAID</p>	<p><i>Scope of Work for an Impact Assessment of AT Uganda's Program: "Facilitating Agricultural Input Distribution Linkages"</i>, Draft Research Design, Lucy Creevey, Weidemann Associates Inc., September 2003</p> <p>Impact assessment</p>	<p>To show the current business situation of the input distribution sector from farmers who purchase inputs, thru small & large input retailers, to wholesale distributors & suppliers & then in a follow-up study to assess changes directly attributable to this project during and at the end of its activities.</p>	<p>Baseline surveys: 200 input retailers 420 farmers (large, small, remote, peri-urban, women operated farms)</p> <p>Follow up surveys: 90 input retailers (work with project, contact with project, no contact with project)</p>	<p><i>Participation variables</i> Input retailers who work with or had contact with the project, farmers linked to AT Uganda</p> <p><i>Impact variables</i> Farmer level -Access to new market(s) -Change in amount & kind of inputs purchased or acquired</p>

TABLE 2 Country & Project	Evaluation report and type of evaluation	Evaluation objectives and methods	Sample size	Variables studied
	External	<p>Quantitative and qualitative (mixed) methods. Quasi-experimental impact methodology w/ before (baseline)/ after (follow-up) surveys of farmers, input retailers, wholesale distributors</p> <p>Interviews with NGOs and trainers</p> <p>Focus group discussions w/ input retailers & farmers.</p>	<p>150 farmers (from sub-groups above)</p> <p>Stratified cluster sampling for control groups in each survey.</p>	<p>-Purchase of inputs from retailers affiliated with the program? (Have demonstration plots? Agricultural market information? Have a place a center where products could be sold?)</p> <p>-Increase in income/volume of sales of farmers who purchase inputs from any source & those who do not</p> <p>Retailer level</p> <p>- Increase in estimated income/volume of sales of retailers</p> <p>-Increase in the number of clients</p> <p>-Increase in sales</p> <p>-Increase in volume of sales</p> <p>-Components of the training received which have been most helpful in expanding the business</p> <p>-Membership in National Input Retailers Association/credit and/or purchasing association</p> <p>-Improved access to credit & ability to buy better (and more) inputs due to membership</p> <p><i>Descriptive information</i></p> <p>Socio-economic information--age, education, gender, location of residence, number of dependents</p> <p>-Family income, % contributed by respondent-</p> <p>- Age of business, product(s) and services sold, business assets, costs of production/volume of sales (net profit), # of full-time paid and unpaid employees</p> <p>-Access to non-traditional BDS and credit (has had a loan from NGO or lending institution, has received suppliers' credit-from whom and when, has received any form of training or any form of subsidized inputs and perceived impact of these goods/services</p>
ASIA				
Bangladesh JOBS	"Assessment of USAID's JOBS program in Bangladesh within the Context of the Market Development Approach" David Knopp, Deloitte, Touche Tohmatsu Emerging	<p><i>Purpose</i></p> <p>To assess the three components of the JOBS project-- microenterprise development, micro-policy and marketing, and</p>	Meetings with JOBS project staff, USAID/Bangladesh staff, ME and SME clients, NGO/MFI stakeholders, and other donors in Dhaka, Chittagong, Tangail, and Bogra	<p><i>Impact variables</i></p> <p>Impacts on BDS and product markets</p>

TABLE 2 Country & Project	Evaluation report and type of evaluation	Evaluation objectives and methods	Sample size	Variables studied
	<p>Markets. Weidemann Associates, Inc. May 2002</p> <p><i>Interim evaluation</i></p>	<p>SME development—from a BDS market development perspective</p> <p><i>Methods</i></p> <p>Desk review of reports, Individual interviews, field meetings, focus group discussions</p>		
<p>BANGLADESH</p> <p>The Bangladesh Rural Advancement Committee (BRAC) Poultry Programme DFID</p>	<p><i>The BRAC Poultry Programme in Bangladesh: A Performance Measurement Framework Case Study on Business Development Services for Micro, Small and Medium Enterprises</i>, Jack Newnham, Enterprise Development Department, Department for International Development, 2000.</p> <p>Case Study, application of PMF External</p>	<p>To analyze the impact of BRAC Poultry Sector Program in Bangladesh on the poultry market and the market for services to the poultry sector. The study applies the Performance Monitoring Framework (PMF), which examines data relating to the program and the wider market.</p> <p>Includes field visits, review of program records and data</p>		<p><i>Impact variables</i></p> <p>BDS Market Development Indicators:</p> <ul style="list-style-type: none"> - Market size (demand): # of MSMEs purchasing services - Market size (supply): Annual amount of sales by BDS provider - Market penetration - Number of BDS providers - Average price for a unit of BDS - Number and proportion of MSME customers purchasing a BDS who represent target populations - Market penetration of target populations <p>BDS supplier indicators:</p> <ul style="list-style-type: none"> - BDS cost recovery of operational costs from client fees - Cost-benefit assessment and return on investment, cost per supplier, customer and \$1 increase in supplier revenue <p>BDS customer indicators:</p> <ul style="list-style-type: none"> - Customer satisfaction - Repeat customers - % of customers who reduced costs, found new markets - Avg change in value added per participant per month - Avg change in cumulative value added per participant - Change in cumulative value added in total

TABLE 2 Country & Project	Evaluation report and type of evaluation	Evaluation objectives and methods	Sample size	Variables studied
INDIA Development of a BDS Market in Rural Himalayas, India USAID	<p><i>Scope of Work for Impact Assessment of "Development of a BDS Market in Rural Himalayas, India, Lucy Creevey, September 2003.</i></p> <p>SOW for an Impact assessment study</p>	<p>-Measure the impact of BDS market development on firm performance and sub-sector performance</p> <p>-Assess the impact of access to BDS and financial services on clients</p> <p>-Assess the effectiveness/impact of 'downreach' strategies in linking large numbers of ME clients into a growing market (milk and milk-by-products)</p> <p><i>Methods</i> Mixed--Quasi experimental impact study w/ before/after surveys, complemented by interviews and focus group discussions with micro dairiyists, BDS providers or potential providers, and dairy consumers. Review of secondary information (documents, etc.)</p>	<p>Baseline surveys: 350 microdairiyists 300 actual and potential BDS providers 260 consumers</p> <p>Follow up surveys: 150 microdairiyists 150 actual and potential BDS suppliers90 consumers</p> <p>Stratified cluster sampling will be used for control groups. Microdairiyists: Sample at baseline (260) and at follow-up 90. BDS providers: sample at baseline 200. Sample at follow-up will be 60. Consumers: sample at baseline will be 200 and at follow-up 60.</p>	<p><i>Impact variables</i> Firm/ME level: -Increased purchase of inputs -Increased sales of milk/milk products -Increased revenues/profits Sub-sector Indicators: -Increased availability and improved quality of milk and milk products to consumers BDS Market Indicators: -Increase in number and quantity of sales -Variety and quality of goods/services provided -Market penetration -% MEs benefiting from services/milk collection -% MEs aware of importance and availability of BDS goods.</p> <p><i>Comparison groups</i> Location Size of dairy Gender of entrepreneur/farmer</p>
SRI LANKA The Competitiveness Initiative (TCI) USAID	<p><i>Interim Assessment of the Economic Impact of Cluster Initiatives, Nathan Associates Inc.</i> November 2003 (distributed January 2004)</p> <p>Impact assessment/Internal/Interim evaluation (this is the third evaluation report. Reference to first and second in text, Louis Berger Group, 2001 and Warner and Harrington 2003)</p>	<p>To assess the economic impact of TCI</p> <p><i>Methods</i> Review secondary info to estimate the NPV of additional income generated by TCI. Constructed a cost/benefit ratio. Secondary info from interviews with informed sources, feasibility studies, business plans, previous evaluations -The authors adjusted the estimates according to three criteria: 1) probability that the</p>	<p>There were 14 cluster initiatives with "a high probability of realization, clear attribution to TCI, and the potential for quantification." However, data were available to estimate the net present value of additional income for only 8 of these initiatives.</p>	<p>Sub sector (value chain) level: - estimated value of increased exports - estimated value of cost savings. Firm level: Addition income (measured in terms of expected returns to capital and labor)</p>

TABLE 2 Country & Project	Evaluation report and type of evaluation	Evaluation objectives and methods	Sample size	Variables studied
		activity/change would actually occur; 2) attributability of the change to TCI project; and 3) availability of quantitative info to estimate the additional income.		
VIETNAM Training for Women in Micro and Small Enterprises in Vietnam phase 2 (TWMSE2) Dutch Foundation for Coop of Internl Edu Inst & WU	<i>Management Training Effects on Women Entrepreneurs Who Own and Manage Micro and Small Enterprises</i> , Jaap Voeten, Maastricht School of Management (MsM), Hanoi, October, 2002. Impact assessment	To assess the effects of training on business management, business performance, and position of women as MSE owners/managers To gain knowledge & experience on impact assessment research methodologies. Time series (before/after) survey of women entrepreneurs and SEs, using a test and a control group	Baseline survey: 365 women who received training 147 women who did not received training Follow up mail survey (4 to 6 months later) 102 women from the test group and 43 from the control group returned the completed questionnaire. Women surveyed at baseline were involved primarily in the trading, textile, and food/ agro-processing sectors.	<i>Participation variable</i> Women entrepreneurs who received 3-day training. <i>Impact variables</i> -Introduction of new management techniques -Introduction of advanced financial records -Introduction of new marketing techniques -Innovation and upgrading of product/service -Increase in sales -Increase in number of paid workers -Increase in personal income -Increase in productivity -Improvement in quality of life -Increase in control over decisions related to business <i>Comparison groups</i> The study distinguished non-entrepreneurs (15%), potential/ non-growing entrepreneurs (44.4%), and growth-oriented entrepreneurs achieving growth (40.7%).
VIETNAM, CAMBODIA & LAOS The Mekong Project Development Facility (MPDF) IFC and other donors (8 bilateral and 2 multilateral institutions)	<i>Evaluation of the Mekong Project Development Facility: Final Report</i> . Nexus Associates, June 4, 2002. Project evaluation, external	Key questions: Was the original rationale for the establishment of the MPDF sound? Has MPDF provided needed services to companies and institutions in the target population? Are the resources of MPDF being used in an efficient	Client survey Part A: 103 out of 142 participating companies completed surveys (effective response rate of 73%). 26 were subject to more in-depth interview Part B: 65 out of 122 targeted clients completed surveys (effective response rate of 53%)	<i>Participation variables</i> Part A: Companies that signed a MOU with MPDF or completed a "project" with MPDF. Consultant expenditures were used as indicators for the magnitude of services that Part A clients received. Part B: Companies that received management training by the year when the company first participated in a training course (training year).

TABLE 2 Country & Project	Evaluation report and type of evaluation	Evaluation objectives and methods	Sample size	Variables studied
		<p>manner? Has MPDF been successful in achieving intended outcomes? Is the MPDF model sustainable over time?</p> <p>-Review of program documents -Interviews with stakeholders including senior officials of banks & administrators and faculty of training institutions -Client survey (Part A companies). -Surveys of companies that had received training (Part B).</p>	37 similar companies that had not receive services as of the time of the survey.	<p><i>Impact variables</i></p> <p>Estimated impacts are based on participant judgments, judgments by the senior evaluation team and the results of statistical analyses that compared the performance of test and control companies..</p> <p>Enterprise level</p> <p>-New knowledge and skill -Application of knowledge and skills -Motivation of trainees -Improved performance, change in conducting business -Growth in sales and or profits -Likelihood of using outside service providers -Ability to receive similar services elsewhere -Client success in obtaining financing</p>
MIDDLE EAST AND NORTH AFRICA				
EGYPT Agricultural Policy Reform Program (APRP) USAID/Egypt	<p><i>RDI Unit Final Report. Reform Design and Implementation Unit (RDI) of the Agricultural Policy Reform Program (RDI/APRP), September 2002.</i></p> <p>Final Report Internal</p>	<p><i>Purpose:</i> To provide a summary of all activities completed under this program and describe its successes relative to the benchmarks (performance targets) set for the project.</p>		<p>Program monitoring benchmarks related to policy reforms in pricing of cotton and other government interventions in the cotton market, adjusting water and agricultural policy to reduce the amount of water used on rice and sugar cane, altering the roles of private and public sectors with respect to research and extension, cotton pest management and the pesticide industry in general, the development of a modern seed law and regulations for plant variety protection, and the privatization of textile and ginning companies. In addition, program performance was monitored in relation to regulatory reforms in such areas as pesticide registration, fertilizer seeds, genetically modified organisms and horticultural development as well as the development and implementation of a new market information system.</p>
EGYPT Rice Subsector-Part of the Agricultural Policy Reform Program	<p><i>The Impact of Policy Reform on the Rice Subsector in Egypt. MVE Unit APRP, Impact Assessment Report No. 25. John S. Holtzman, Abdel-Rahim Ismail Samar Marziad, EQI,</i></p>	<p><i>Purpose:</i> To assess the impact of APRP policy benchmarks and implementation programs on the Egyptian rice subsector by examining the changes over the</p>	Sample survey of 745 farms which included information about producers' cropping patterns, input use, crop disposal, and returns to	<p>Performance measures for the subsector:</p> <p>-Area planted to paddy -Average paddy yields</p>

TABLE 2 Country & Project	Evaluation report and type of evaluation	Evaluation objectives and methods	Sample size	Variables studied
(APRP) USAID/Egypt	MSI, Abt Associates Inc. July 2002. Final Impact Assessment Synthesis study 3 earlier MVE impact assessment reports are cited in the study.	life of APRP in the structure, conduct and performance of the subsector, with attention to the rice milling and export industries. To offer policy recommendations and suggestions for future applied research & monitoring. Field work, key informant interviews, wholesale & retail rice price data, report drafts, sample survey of 745 farms (carried out in Oct.-Nov. 2001) Partial equilibrium approach was used (A partial equilibrium model tracks the effect of a regulatory action in one market; all other possible market interactions are ignored).	alternative crops and rotations. Note: Report of baseline (1995/1996) and endline situation (1999/00 to 2001/02) and % change over time are provided for the indicators studied	-Paddy production -% Area to Short-season variety rice -Average producer prices -Wholesale prices -Number Traders -Export prices, FOB -Exports -Number Commercial Mills -Total milling capacity -% Capacity private -Number Exporters -% Crop milled by Public/ESA (Employee Stakeholder Association(s) mills -Export concentration (top five exporters) -Public export share -Export revenues -Per capita consumption -Year-end stocks (milled rice equivalent terms)
EGYPT Agricultural Technology Utilization and Transfer USAID/Egypt	<i>Evaluation of Agriculture Technology Utilization and Transfer Activity in Egypt. Final Report</i> by Donald Taylor, Melvin Schnapper, Zebuel Jones, Jesse McCorry, Mohamed Salem, and Manal Karim, Checchi and Company Consulting, Inc. and Louis Berger International, Inc. Joint Venture, August 2002. External program evaluation of the horticultural component only.	To assess the performance and success of the program in meeting its objectives of expanding exports and sales of select horticulture products - Reviewed M&E reports on the project, Examined qualitative & quantitative information gathered by two field surveys, Reviewed other program records & documents, Interviewed various stakeholders.		<i>Impact variables</i> Volume and value of exports for a select group of horticultural commodities
LATIN AMERICA AND CARRIBEAN				
LAC 100 BDS projects MIF	<i>MIF Evaluation – Business Development Services.</i> Office of Evaluation and Oversight (OVE), Inter-American Development Bank,	To evaluate MIF activities in the area of BDS, and provide recommendation for future	Ex-ante analysis was done on all (100) projects. For execution and ex-post analysis was based on 83 projects that were in a more advanced	<i>Impact variables</i> Enterprise level -Improved perception of the usefulness of BDS

TABLE 2 Country & Project	Evaluation report and type of evaluation	Evaluation objectives and methods	Sample size	Variables studied
	Washington, D.C., December 2003. Synthesis/evaluation report Internal	activities in this area The study examined projects along seven dimensions: (relevance, effectiveness, efficiency, innovation, sustainability, additionality and evaluation at three project stages (ex-ante, execution, and ex-post) Field work in 12 countries, gathering direct performance evidence of 65 projects by interviewing executing agencies & other key actors & using project documentation. A survey was also sent to all executing agencies w/ a response rate of 70%.	stage (More than 50% disbursed or more than 2 years in execution). Project briefs were prepared for 52 projects and case studies were conducted on 31.	-New knowledge and skills applied -Improved performance -Increased revenue -Willingness to pay -Clients' perception of relevance of services to their needs
BOLIVIA Market Access and Poverty Alleviation (MAPA) Project USAID/Bolivia	<i>Evaluation of the Market Access and Poverty Alleviation (MAPA) Project in Bolivia.</i> USAID/Bolivia. Donald Jackson and Harry Wing. 2003. Checchi and Company Consulting, Inc. and The Louis Berger Group, Inc., July 2003. Project assessment/evaluation	To assess the achievements of the project against performance and impact targets. Review of documents, field visits, individual interviews Two surveys of farmer beneficiaries to determine project impacts according to the perception of beneficiaries.	Survey: 147 project participants (out of 2,399 who were higher adopters of recommended technologies) 67 growers representing 1,308 Yungas participating coffee producers	<i>Participation variables</i> MAPA-Valleys: PITAs/PEITs that had been under implementation for at least one year in the valleys. Project participants who were high adopters of recommended technologies. MAPA-Yungas: Participating coffee producers <i>Impact variables</i> Enterprise level MAPA Valleys and MAPA Yungas: -% of participants whose incomes increased -Average increase in gross income of participating growers -Average increase in net income of participating growers -% of growers applying technologies taught by the project -% of growers who will continue to use the new technology when project ends -% of growers who benefited in their relations with buyers due to better product quality

TABLE 2 Country & Project	Evaluation report and type of evaluation	Evaluation objectives and methods	Sample size	Variables studied
				MAPA-Valleys- -% of participants who knew of other non-participating growers of their products who were using technologies recommended by the project (spillover)
Central America (El Salvador, Guatemala, Honduras, and Nicaragua) Post Hurricane Mitch (1998) programs or projects conducted to address food Sanitary and Phytosanitary (SPS) problems or SPS-related compliance to promote exports of a wide range of non-traditional agricultural export commodities. USAID and USDA	<i>Evaluation of Recent SPS-Related Programs in Central America: Raise SPS Evaluation Report #1.</i> Phillip Bash and Rebecca Lopez-Garcia, Development Alternatives Inc., September 2003. Evaluation of multiple programs	To evaluate the effectiveness of the SPS-related activities, , & make recommendations for future development assistance. <i>Key questions:</i> What approaches were most effective in helping producers & processors comply with SPS requirements? What are the pros and cons of short versus long-term training and TA? How can these programs be more successful? What activities can be replicated and rolled out in the future? -Personal interviews with over 100 stakeholders associated with 49 organizations & review of public documents.		
EL SALVADOR Program for the Promotion of Non-Traditional Agricultural Exports (NTAEs) USAID/EI Salvador	<i>Evaluation of the El Salvador Non-Traditional Agricultural Export Strategy</i> , Prepared for USAID/EI Salvador, Tom Easterling, Keith Jamtgaard, Michael Schwartz of Agricultural Development Consultants, Inc. (AGRIDEC), November 1995. <i>Evaluation timeframe:</i> July – August 1995 Project and program evaluation Final evaluations of the Agribusiness Development project (DIVAGRO)and Rural Enterprise Development II project (Technoserve)	To compare four different approaches to rural development through a cross-cutting impact analysis and an evaluation of USAID's overall strategy of promoting NTAEs To recommend the most effective means of carrying out NTAE development in the future. Interviews, Site Visits, Review of Documents		<i>Impact variables</i> -Hectares in production (total, NTAE, export crores) -No. of export crops produced, no. NTAE crops produced -Increase in irrigated hectares -Value of all exports (cumulative and annual) -Value of specific exports, e.g.,NTAE exports (annual value, increase in annual value) -Annual value of import substitution (not measured) -Increase in product output -Production (metric tons) -Loans to aquaculture No. of investment loans No. of viable businesses

TABLE 2 Country & Project	Evaluation report and type of evaluation	Evaluation objectives and methods	Sample size	Variables studied
	Mid-term evaluations of the Non-Traditional Agricultural Export Production and Marketing Project (CLUSA) and activity carried out by from the Asociación de Productores y Empresarios Salvadoreños (PROESA) as a sub-component of the National Reconstruction Project Support for Transition to Peace in El Salvador (CLUSA)			-Employment (jobs created, person days, person years) -Family income (colones)-Loan funds disbursed -Total direct beneficiaries -No. of cooperatives or producer groups assisted -No. of cooperatives graduated - Total direct/ indirect beneficiaries
PANAMA Trade and Investment Development Project	<i>Final Report: Evaluation of the Trade and investment development Project</i> Henry Johnson and Manuel Vanegas, March 1995 Program evaluation	To assess progress made toward meeting project goals and objectives of increasing trade and improving trade policies -Interviews w/ key participants & observers of the program -Review of documents & records	National data	<i>Impact variables</i> Private domestic and foreign investment by sector Source of financing Employment generation by sector Production of non-traditional products Imports of non-traditional products
PERU Poverty Reduction and Alleviation Program (PRA) USAID/Peru	A Qualitative Review of Poverty Reduction and Alleviation Program Funded by The U.S. Agency for International Development in Peru, Checchi & Company Consulting, Inc. January, 2003 Mid-term evaluation External	To assess effectiveness of ESC's in identifying, opening, expanding, organizing, and regularizing marketing channels to serve the 10 targeted Economic Corridors. <i>Key questions:</i> 1. Do results to date, warrant continuation of project efforts in all corridors? 2. Were the original timetable and final objectives appropriate? If not, what does the evaluation team recommend? Qualitative methods, mainly field visits & interviews w/ assisted clients & beneficiaries, review of reports, interview of various stakeholders.	83 PRA assisted clients (52% of PRA assisted clients)	<i>Impact variables</i> Enterprise level: -Increase in sales /profits -Increase in employment in person days -Increase in investment

TABLE 2 Country & Project	Evaluation report and type of evaluation	Evaluation objectives and methods	Sample size	Variables studied
TRANSITION COUNTRIES				
<p>BALKAN REGION: Albania, Bosnia and Herzegovina (BiH), the Former Yugoslav Republic of Macedonia (FYRM), Kosovo, Serbia and Montenegro (last 2 countries added in mid 2001</p> <p>Southeast Europe Enterprise Development Facility (SEED)</p> <p>IFC and nine other international donors</p>	<p><i>Evaluation of Southeast Europe Enterprise Development. Draft Report.</i> Nexus Associates, Inc., August 8, 2002.</p> <p>Independent mid-term evaluation</p>	<p><i>Purpose:</i> .to provide an independent assessment of the project and facilitate learning among partners and the broader development community</p> <p><i>Key questions:</i></p> <p>Was the original rationale for SEED sound?</p> <p>Has MPDF provided needed services to companies and institutions in the target population?</p> <p>Are the resources of SEED being used in an efficient manner?</p> <p>Has SEED been successful in achieving intended outcomes?</p> <p>Could particular elements of SEED's services be commercially viable in the future?</p> <p>Surveys of assisted companies</p> <p>Site visits</p> <p>In-depth interviews with owners/managers and other stakeholders</p> <p>Review of program records,</p> <p>Detailed analysis of operating and financial data</p> <p>-Estimated impacts are based on, judgments of participants and the evaluation team & results of various statistical analyses.</p>	<p>33 companies receiving investment services</p> <p>96 clients receiving training only</p> <p>129</p> <p>41 BDS service recipients (16 network members and 25 non-network members)</p>	<p><i>Participation variables</i></p> <p>All companies that received SEED assistance: SMEs that completed an IEP and/or IP project as of September 2002 and all companies that received training.</p> <p><i>Impact variables</i></p> <p>IS and Capacity Building services to SMEs:</p> <ul style="list-style-type: none"> -Ability to receive similar services elsewhere -Client success in obtaining financing -Acquisition and application of new knowledge and skills -Improved business performance -Growth in sales and/or profits, employment <p>-Development impacts: Impact of economic distortions on firms' performance, Exports, Competitors (location), Backward linkages (raw material providers), Use of business services, Demonstration effects</p> <p>Capacity Building-BDS:</p> <ul style="list-style-type: none"> -Ability to receive similar services elsewhere -Benefits of participation in the Consultancy Network -Use of SEED content and techniques with clients -No. of clients where SEED content/techniques were employed -Immediate effects of Interaction with SEED in terms of SMEs (greater knowledge of their needs, introducing new products specifically designed for SMEs and increased capacity to provide quality services to SMEs. -Improved performance -Sales and profits -Extent to which SEED's activities have resulted in a permanent expansion of the BDS market (based on client's perception) -Factors limiting the growth of consulting/training

TABLE 2 Country & Project	Evaluation report and type of evaluation	Evaluation objectives and methods	Sample size	Variables studied
				<p>firms</p> <ul style="list-style-type: none"> -Factors limiting demand for consulting/training by SMEs -Whether firms plan to offer consulting/training services to SMEs in the future -Whether firms plan to use SEED content and techniques w/ clients in the future
<p>BULGARIA Firm Level Assistance Group (FLAG) Program USAID/Bulgaria</p>	<p><i>Evaluation of Firm Level Assistance Group (FLAG) Program in Bulgaria.</i> Checchi and Company Consulting, Inc. and Louis Berger International, Inc., October 2002</p> <p>Final evaluation External</p>	<p><i>Purpose:</i> To address the effectiveness of FLAG's structure and implementation, and results achieved between 1997 and 2002.</p> <ol style="list-style-type: none"> 1.To assess the impact on clients' business performance (jobs, sales, and export growth) 2.To examine FLAG's performance, management, and implementation 3.To assess the overall efficiency of the program 4.To provide recommendations 5.To comment on the FLAG program's sustainability and replication. <p>Survey of a nationwide sample of 27 FLAG clients Review of documents and information on country context Interviews with stakeholders,.</p>	<p>27 completed interviews in 9 cities (26 SMEs and 1 BSO) out of a list of 60 firms. The sample is not representative of the universe of FLAG clients companies, but all clusters were represented in this sample. Partner organizations were asked to provide their list of companies according to the following criteria: types of assistance by provider, industry clusters, firm size, geographic distribution, export versus domestic sales and gender of owner.</p>	<p><i>Participation variables:</i> Firms that received assistance through the program by size (10-50 employees, 51-100 employees, 100+ employees) By export or domestic sales By ownership status (private vs. public or foreign) By gender of owner % of firms receiving different services Enterprise level -Increase in sales -Increase in jobs -Improved technology and production</p>
<p>KOSOVO Kosovo Agribusiness Development Program (KADP) USAID/Kosovo</p>	<p><i>An Economic Impact Assessment of the USAID/IFDC Kosovo Agribusiness Development Program (KADP).</i> Carlos A. Baanante, IFDC, February 2003.</p> <p>Economic impact assessment</p>	<p>To assess the success and impact of the KADP program in relation to the goals of ATA Development and Market Development for targeted agribusinesses.</p>		<p><i>Impact variables</i> Economy: -Increased volume of business by ATA and their effects on GDP, growth & employment -Savings in costs of inputs purchased as a result of economies of scale associated with ATA transactions -Increased domestic production & supply of</p>

TABLE 2 Country & Project	Evaluation report and type of evaluation	Evaluation objectives and methods	Sample size	Variables studied
	Internal	Review of baseline performance indicators and the results of field trials conducted by the KADP Estimates based on these results.		<p>agricultural & processed products in terms of quantity and value</p> <ul style="list-style-type: none"> -Increased export earnings and capacity to import - - -Expansion of GDP and employment associated w/ investments in refurbishing of processing plants & other facilities -Increased economic returns to land & fixed factors of production, farmers' income & earnings of hired labor due to increased use of fertilizer & improved seeds <p>Resource Base:</p> <ul style="list-style-type: none"> -Natural resource base -Improved agricultural land (nutrients) -Human resource base: -improved skills, knowledge & capabilities of workers <p>Food Security:</p> <ul style="list-style-type: none"> -Increased production of food products -Increased export earnings (in Euros)

Table 3: Evaluation findings

TABLE 3 Country & Project	General findings	Outcomes and impacts	Comments
AFRICA			
GHANA Ghana Trade and Investment Reform Program (TIRP) USAID/Ghana	<p>Only partial achievement of policy reform goals due to precarious macroeconomic situation from mid-1999; postponement of policy decisions & the meeting of the NEF until after the election; lack of ownership of decisions by government agencies and other stakeholders; policy agenda not implemented or monitored.</p> <p>Main achievement was support for the revision of Ghana's labor law. Other policy related achievements included studies, conferences, workshops, seminars, civic education programs & provision of TA.</p> <p>Assistance at the firm level was more successful but broadly focused and had limited range of clients reached</p>	<p><i>Enterprise development:</i> Greatest impact of project in areas of production and marketing, least impact in access to capital.</p> <p>Cost and availability of long-term capital and short-term credit were the most challenging constraints (based on survey of 16 firms)</p> <p>Internal business constraints decrease, external business constraints remain high</p> <p>Firms don't graduate, little momentum towards increased growth and trade</p> <p>Exporters find it difficult to mobilize sufficient volumes of products to satisfy overseas demand & take advantage of economies of scale in packaging, transportation & marketing.</p> <p><i>Market linkages:</i> Majority of firms in program expected to enter into exports</p>	<p>Comments</p> <p><i>Reviewer comment:</i> The evaluators discuss the deficiencies of the program in terms of monitoring and evaluation systems at length and recommend improvements in this area in the future. But no measured study of impact.</p> <p><i>Evaluation comment:</i> M&E component found to be very weak. PMP contained very little data on</p>

TABLE 3 Country & Project	General findings	Outcomes and impacts	Comments
		<p>(56.3%) and most of them (77.8%) succeeded.</p> <p>Most business association members say they would turn to associations to provide help in dealing with the chronic problems in the enabling environment</p> <p>Lead firms sign written agreements with the contractors to assist smaller and micro-enterprises in the production/marketing chain. But lack of formal arrangements between lead firms microenterprises. None report receiving assistance or training to develop the push-pull linkages.</p> <p><i>BDS market development:</i> 55.3% of firms approached the contractors for assistance rather than the other way around.</p> <p>Majority of firms report contributing to the cost of assistance, ranging from 10% per workshop to 50% for trade shows.</p> <p>However, no formal cost sharing scheme or record, so difficult to confirm the levels and values of contributions in cost sharing</p> <p>Most firms could not think of alternative sources of similar TA and training.</p> <p>Project (contractor) found it difficult to work through business associations except for farmer groups. Most contractor/grantee assistance provided directly to firms.</p> <p>-Program successfully provided direct assistance to several business organizations such as Private Enterprise Foundation (PEF), Federation of Associations of Ghanaian Exporters (FAGE), AID to Artisans Ghana, and the College of Jewelry. This experience suggests that stronger business associations can improve private sector access to export markets & technology.</p>	<p>baseline or target values for the proposed indicators. Almost no data on achievements and impacts of the program was collected</p>
<p>KENYA Kenya Export Development Support (KEDS) USAID</p>	<p>Original policy goals overtaken by changes in GOK and USAID. Export policy reform due to IMF/World Bank implemented policies. - Remaining gaps in policy related to economy wide policies: investment incentives, regional markets, and exchange rate management.</p> <p>Entrepreneurs interviewed strongly satisfied with risk sharing support from EDF for new ventures</p> <p>Cost sharing mechanism has proven successful as a development instrument to promote exports (both KEDS and similar WB project)</p> <p>Long-term sustainability of firm level assistance depends on private sector exporting firms' access to export related technical services through market mechanism (no business</p>	<p><i>Enterprise development:</i> Raw data on changes in employment, changes in foreign exchange earnings and strategic consultancies in Appendices, but not analyzed or presented in report.</p> <p><i>Employment generation:</i> Project projects growth in employment of up to 1 million new jobs over 10 years. Actual increase after 4 years in 49 EDF assisted firms was 95 (increase from 797 to 892). Evaluation recommends revising this target.</p> <p><i>BDS market development:</i> Trade associations not mature. Need further support to strengthen export related technical services and lobbying for policy and regulatory changes and organizing trade fairs FPEAK (trade association) not financially sustainable</p>	<p><i>Reviewer comment:</i> Get final evaluation (1996) to see follow up to baseline survey—which has a lot of firm level data.</p>

TABLE 3 Country & Project	General findings	Outcomes and impacts	Comments
	<p>associations...)</p> <p>Trade and business associations should act as a conduit for members to gain access to market for export promotion services. One role would be to establish a professional consultants' data bank within this secretariats.</p> <p>General findings on exports:</p> <ul style="list-style-type: none"> - SMEs in horticulture facing crisis in maintaining presence in key markets in EU due to tighter quality assurance and health regulations - Exports to EU decrease and to COMESA increase 		
<p>KENYA</p> <p>The Kenya Management Assistance Programme (K-MAP)</p> <p>DFID</p>	<p>Five major achievements by K-MAP:</p> <ul style="list-style-type: none"> - Development of a low cost approach to one-to-one business counseling and to training. -Development of a practical "bundling" approach to counseling. -Development of "financially sustainable" products. -Development of growing financial autonomy - Development of a strong, locally-owned BDS organization. <p>These achievements are attributed to four key factors:</p> <ul style="list-style-type: none"> -Building on local (low cost) networks and resources. -Building upon demonstrated entrepreneurial initiative. -Tailoring donor support -Ensuring realistic pricing for "upper-end" SMEs. <p><i>Outputs</i></p> <p>Since 1998, 20,000 hours of counseling to 1100 small businesses, and delivering training to over 5,500 actual or aspiring entrepreneurs, of which more than 3,000 were female.</p> <p><i>Client profile:</i></p> <p>Majority clients between 30 to 40 years old; good education (almost 50% to university level); considerable business experience;</p> <p>Not poor -- majority have permanent housing and monthly income of between \$800 and \$3,500 (60% over \$3,500).</p> <p>Enterprise size varies --annual turnover of between \$2,000 and \$2m, workforce between 1 and 113, and assets between \$1,500 and \$1.2m.</p>	<p><i>Enterprise development:</i> 1998 survey of 63 businesses assisted by K-MAP finds:</p> <ul style="list-style-type: none"> - 37 of 63 experience 30%+ growth in sales volume after training (estimated 1 to 3 years after training) - 46 of 63 experience 20%+ increase in employment - Physical assets increase for most businesses <p>1994 survey finds:</p> <ul style="list-style-type: none"> -94% of businesses survived after two years (from 1992 to 1994); - Employment growth was reported as 106%; growth in sales revenue was reported as 292% and asset growth was reported as 189%. <p><i>Client satisfaction:</i> Clients generally satisfied with K-MAP. Focus group discussions find key benefits to be greater clarity and focus for the entrepreneur, innovation and new approaches to established practices and problems, stronger planning capacity, especially for the purposes of accessing finance. Weaknesses are that the mixture of participants in training programs is too diverse and some counselors are too focused on big business.</p> <p><i>BDS market development:</i> KMAP reaches 3% of estimated to be 35,000 SMEs.</p> <p>K-MAP financial self-sufficiency at around 50%. However, heavy reliance on non-financial inputs of counselors does not enter cost calculations.</p> <p>K-MAP began with funding of \$40,000 from the Kenyan business community and subsequently received funding from USAID and DFID. Total donor funding over \$1.6m over 11 years.</p>	<p><i>Review comment:</i> Could not find the 1998 Impact Assessment report on DFID's website.</p> <p><i>Author comment:</i> impact findings should be interpreted with caution due to problem of attribution. Self selection bias as K-MAP clients are more progressive and "go-ahead" than most businesses. Previous impact studies did not use more immediate indicators such as changes in work practice or procedure, which are less likely to have been influenced by other factors. Other unexamined issues are the extent to which improved performance among K-MAP clients displaces other business activity and the quality and types of jobs that have been created.</p>

TABLE 3 Country & Project	General findings	Outcomes and impacts	Comments
	Enterprises in manufacturing (48%), trade (28%) and service sectors (24%). Roughly 40% of clients are women		
KENYA Micro and Small Enterprise Training and Technology Project (MSETTP)- Voucher program The World Bank	<p><i>Outputs:</i></p> <p>-VTP- 34,778 MSE workers trained (70% technical, 30% management, 60% women). 942 training providers, 245 allocation agents in phase 1 (semi-national), reduced in phase 2 (national).</p> <p>TBDSVP- 1,275 clients were trained, 306 training providers, 77 allocation agents approved, 54 Savings and Credit Cooperatives (SACCOs) formed and 79 SACCO staff trained in micro-finance.</p> <p>Author states that findings from the Training Beneficiary (TB) and Training Provider (TP) survey indicate shifts (increases) in demand and supply.</p>	<p><i>BDS market development:</i> Positive market sustainability effects -- increased willingness of trainees to pay market prices and willingness of providers to adjust courses and prices to meet available demand.</p> <ul style="list-style-type: none"> - Three earlier studies corroborate positive market sustainability impact. - Training beneficiary survey finds 23 beneficiaries are willing to pay average price 42% voucher value for repeat training while the weighted average co-pay percentage for the 23 beneficiaries was 13.5% - Training Provider Survey finds all TPs report some changes. 16 TPs change the organization of their courses (shorter, condensed or more practical focused), 8 diversify into new courses. - 10 TPs made long-term capacity changes (e.g. creating teaching space, acquisition of equipment, hiring of permanent staff, purchase of a fully equipped computer lab, or opening/expansion of a training school). 8 TPs made short-term changes (e.g. renting of space, hiring of temporary trainers, small additions to equipment) and 4 made essentially no changes. - Most stated that changes in management/record keeping etc had been made to accommodate increase in trainees. -Based on TPs' responses evaluator estimates that overall weighted average estimated payment level for further training (by trainees is 33% of the voucher value whereas the weighted average co-pay percentage of the total number of beneficiaries in the VTP and TBDS scheme was 10.7%. - Two previous tracer studies showed very positive impacts on targeted beneficiaries and targeted providers. -Overall positive net economic impact of the project, but high costs indicate a need to redesign the program. <p><i>Enterprise development:</i></p> <p>Training beneficiary survey finds 16 beneficiaries claimed long term capacity changes (e.g. major product changes, purchase of significant fixed assets or taking on permanent workers) and 6 claimed short-term changes (e.g. as increased materials, rental of space and employing temporary workers).</p> <p>-</p>	<p>Important to distinguish vouchers for market development from other types of vouchers, such as for poverty alleviation (author).</p> <p>-What are the impacts of the subsidy on the beneficiaries?</p> <p>Reference to tracer studies (one is an impact study with a control group and one is an impact study without a control group) and the Price Waterhouse Cooper Review (KIRDI Tracer Study. Technology and Business Development Services Program. December 2002 and VTP Tracer Study. Venture Support Consortium. December 2001, and Price Waterhouse Coopers (PWC) 'In-depth review of MSETTP with special focus on the training voucher program processes'. Nairobi, November 2002). . The report cites some issues with both tracer studies: insufficient time between project completion and when impact study was conducted. In the case of the first tracer study the problem of control group in that it includes training providers who were turned away which means that there was a selection bias.</p>
MALI Strengthening Market Linkages- Crafts Sales in Mali USAID	The project exceeded its targets for increase in producer sales to exporters and increase in exporter sales to importers, and number of linkages formed or strengthened. It did not quite meet its target for jobs and new exporters.	<p><i>Enterprise level:</i></p> <ul style="list-style-type: none"> - Total increase in producer sales to exporters to date equal \$933,206. -Total increase in exporter sales to importers to date equal \$1,522,934. -A total of 273 new jobs (defined as the number of individuals who went from unemployed to periodically or fully-employed or from periodically employed 	

TABLE 3 Country & Project	General findings	Outcomes and impacts	Comments
	<p><i>Outputs</i></p> <p>A total of 23 master artisans have been trained to date compared to the projected target of 13. All of these artisans were trained in more than one round.</p>	<p>to fully employed) have been created since the inception of the program.</p> <p>-The total number of producers, experiencing increased sales, trained in product development to date is 962. If one counts the same individual during multiple training activities, the number increases to 5500.</p> <p><i>Market linkages</i> To date in a total of 754 cases, the program created or strengthened linkages between producers and exporters.</p> <p>- A total of 131 new producers have come to the export market to date.</p>	
<p>SOUTH AFRICA South African International Business Linkages (SAIBL) Program USAID</p>	<p>Program is rated as very successful by the evaluators.</p> <p>Since inception, program has supported 197 SMEs and beneficiary enterprises have created 8020 jobs.</p> <p>-Enterprises have generated a total of \$219 in additional revenue since the start of the program.</p> <p>-On average, SAIBL firms grew by 31% per year.</p> <p>-71% of companies assisted by the program were fully or predominantly black-owned compared to 26% white or predominantly white-owned. Those predominantly white-owned were usually owned by white women or people with physical disabilities. Among clients surveyed, 42.3% were male-owned enterprises, 26.5% were female-owned and the rest were of mixed ownership. Among client companies surveyed, 34% were in manufacturing, 23% were in services. Agriculture and wholesale trade were represented each by 6% of firms. 42% of clients have exported some of their products and there were others that manufacture components for locally based multinationals, which in turn export their finished products. 19.5% of enterprises export to the US and 24.4% to other Africa countries. Nearly 10% export to Botswana and about 7% exported each to Tanzania and Zambia. 31.7% of firms exported to other African countries.</p> <p>-The most common constraints faced by beneficiaries before their association with the program were lack of access to finance and markets, limited business linkages, and absence of International Standards Organization (ISO) accreditation.</p> <p>-Services provided by SAIBL have led clients to make inroads into international markets.</p> <p>-Authors recommend that (i) the rate at which new beneficiaries are brought on board be increased, (ii) the ratio of beneficiaries with linkages to U.S. companies be</p>	<p><i>Client satisfaction:</i></p> <p>-58% of clients were very satisfied with the services provided by the program and 36% reported that they were satisfied with the program.</p> <p>-According to clients, the most popular services provided by SAIBL were access to finance (22.5%), market access (18.6%), training and skills development (15.7%), expansion opportunities (14.7%), business advice (13.7%) and technical assistance (12.7%).</p> <p><i>Enterprise development</i></p> <p>-Employment: Out of 8020 jobs created 1,309 are attributed to the program (based on client survey). Given that the program has spent \$2.7 million to date, this translates to \$2,062 for every job created.</p> <p>-Firms with less than 6 employees experienced the highest employment growth (407%) and they attribute on average 35% to SAIBL intervention. - Companies with over 100 employees increased their workforce by 128% but they attribute only 5% of their growth to SAIBL.</p> <p>- Biggest employment growth has occurred in the services sector. Employment growth in the IT sector (56%) and manufacturing (37%) is also noteworthy.</p> <p>Revenue: Out of \$219 million additional revenue generated by the clients since the program started, \$27 million is attributed to the program by clients.</p> <p><i>Business linkages</i> Business linkages formed are 28% with local business, 25% with foreign-based, 15% with South African Parastatals and 8% with government. The beneficiaries did not feel that business linkages came as a direct consequence of SAIBL and their assistance.</p> <p><i>Business service market development:</i></p> <p>- 58% of the companies surveyed reported that they were willing to pay for the SAIBL services while 42% were unwilling to pay for services.</p> <p>-For every \$1 spent by USAID on the program, beneficiaries receive \$10 in additional revenue.</p>	<p>Comments</p> <p>The study does not discuss the framework and does not address business linkages in any depth.</p>

TABLE 3 Country & Project	General findings	Outcomes and impacts	Comments
	increased, & (iii) SAIBL devise mechanisms to assist beneficiaries more actively with regard to accessing finance.		
UGANDA Business Uganda Development Scheme	<p>745 clients (out of an estimated 20,000 registered companies) reached \$2.88 million in reimbursements made 1208 activities carried out</p> <ul style="list-style-type: none"> - 31% participating clients were large enterprises (more than 50 employees) - 69% participating clients were MSEs (50 and fewer employees); - 28% participating clients were microenterprises (less than 10 employees) - 18% women (?) - 60% participating clients were in Kampala; 40% were outside Kampala 	<p><i>Enterprise development</i></p> <p>Sales:- 73% report an increase in sales or output (by an average of 42% a year between 1997 and 1999, compared with the 25% a year increase reported by a non-BUDS beneficiary control group)</p> <ul style="list-style-type: none"> - 26% report a decline in sales or output - Highest increases in commercial sector; lower increases in agricultural sector; lowest increases in service sector - Highest increases for those undertaking marketing and sales activities (both domestic and international); lowest increases for those undertaking management systems activities. - Higher average rates of increase for firms with 11-50 employees; (52-58%) slightly less for firms with 1-10 employees (42%) and lowest rates of increase for firms with 51 or more employees (13%) - BUDS contributed about 40% to the sales growth of its clients over the period 1997-1999. <p><i>Individual level:</i></p> <p>74% reported they had been introduced to new knowledge.</p> <p><i>BDS market development</i></p> <p><i>Willingness to pay</i> 58% reported a willingness to pay the full cost of future services (of which 68% in Kampala and 34% outside Kampala)</p> <ul style="list-style-type: none"> - 42% would not be willing to pay (66% outside Kampala – especially smaller firms and members of farmer and other rural based associations with limited resources). - More service and manufacturing businesses were willing to pay than other types of businesses; 33% of businesses with fewer than 10 employees were willing to pay and this was a slightly higher percent than other size businesses - Clients were more willing to pay for training and international marketing and sales activities than other activities <p><i>Client satisfaction</i> - 90% satisfied with their experience of BUDS whether or not the expenditures they incurred had paid off in terms of extra output or sales</p> <p><i>Additionality</i> - 57% would never have undertaken the activity at all without</p>	<p>Comments</p> <ul style="list-style-type: none"> - High number of non-responses on sales figures; reporting sample size small (116 clients) - Knowledge and skills indicators and measures appear problematic (appears too general and too subjective) - Limited analysis of gender; gender variable used (gender of enterprise owner) doesn't capture much

TABLE 3 Country & Project	General findings	Outcomes and impacts	Comments
		<p>BUDS (because too expensive); 38% reported carrying out the activity sooner, at a higher quality level or on a larger scale than would have been possible without BUDS support.</p> <p><i>Other impacts</i> - 57% of survey respondents reported horizontal spill-over effects (leading to the adoption of similar technology, systems, etc. in other companies in the sector) 62% of respondents reported vertical spill-over (improving performance up or down the value chain)</p>	
UGANDA Investing in Developing Export Agriculture (IDEA) project USAID	<p>Good progress in developing technology packages, number of field demonstrations, field day attendance, seed multiplication, market information dissemination</p> <p>Progress in identifying promising channels for linking farmers with reliable, high quality input suppliers</p> <p>Increased numbers of private input supply stockists</p> <p>Progress in identifying market innovations</p> <p>Project appears to contribute to increase in value, volume participation in high value NTAEs (much attributable to momentum underway before project started)</p> <p>Increase in number of small holders involved in HV NTAEs indicated, but questions about sustainability</p> <p>Association development (producer groups) and Business finance components areas of less impact. Need redesign</p>		<p>Comments</p> <p>-More information needed on trade offs within households in order to accurately capture income impacts (from report)</p> <p>-Explore relationship between fertilizer use and household labor requirements. Demonstration plot 'message' should focus on labor productivity benefits.</p>
UGANDA Facilitating Agricultural Input Distribution Linkages USAID	<p>No findings are reported as the assessment has not been undertaken yet.</p>	<p>No findings are reported as the assessment has not been undertaken yet.</p>	<p>Comments</p> <p>The SOW discusses the framework and hypotheses to be tested by the study clearly. It also provides a discussion of methodological issues involved in conducting impact assessments and relies on a sound balanced methodology.</p>
ASIA			
BANGLADESH JOBS Project USAID	<p>(Lessons)</p> <p>SME component:</p> <ul style="list-style-type: none"> - Important to identify sub-sectors with growth potential for sustainability and impact. - Important to avoid over-dependency within sub-sectors on temporary competitive advantages (e.g., favorable policy in Japan for Bangladesh exports) 	<p>MED component</p> <p><i>BDS market development</i></p> <p>Negative impact on BDS markets:</p> <ul style="list-style-type: none"> - Exclusive partnering and capacity building, and direct institutional support to JOBS assisted NGO/MFIs picks winners and crowds out the development of other commercial players. Distorts BDS market development. - MFIs focus on particular target groups which places a control out outreach 	<p>Comments</p> <p>Recommends conduct cost benefit analyses of impact of BDS delivery on loan portfolio</p> <p>Findings very interesting, but not empirically derived.</p>

TABLE 3 Country & Project	General findings	Outcomes and impacts	Comments
	<p>- Important to create local support services.</p>	<p>and market penetration</p> <ul style="list-style-type: none"> - MFIs link BDS with credit which makes it difficult to measure the demand or gauge the commercial viability of the service - NGO/MFIs have a service bias based on high volume and low margins – thus services are normally limited to standardized training- a packaged, pre-determined product that is not demand driven. <p>Micro Policy and Marketing Linkage program:</p> <p>Negative impact on product markets</p> <ul style="list-style-type: none"> - False expectations related to entitlement (lead firm must buy what they produce) within Milk Vita creates non-commercial dependency orientation among farmers - “Pushing” producer association concept without a growing end-market will result in saturation and supply surplus (e.g., Milk Vita has already reached production capacity amidst growing number of newly created producer associations). 	<p>More a critique of design, and assumptions underlying design (inputs) than systematic assessment of outputs, outcomes, and impacts</p>
<p>BANGLADESH The Bangladesh Rural Advancement Committee (BRAC) Poultry Programme DFID</p>	<p>The study reports findings on for the period between 1997 and 1999.</p> <p>-The report includes mini case stories on participants from field visits.</p> <p>BRAC does not seem to be crowding out private sector providers.</p>	<p><i>Cost/benefit</i></p> <p>The study finds attributing impact to be very difficult and its measure of cost-effectiveness as relying on judgments in assessing benefits. Given these subjective judgments, the study reports cost-benefit ratio of 1:11 and return on investment is reported as 1,100%. Each dollar increase in revenue is reported to cost \$0.09. Customer satisfaction (95%) was not based on a random survey.</p> <p><i>BDS market development</i></p> <p>BRAC currently covers its cost through a service charge to members and cost recovery is increasing and prospects for sustainability of the program appear to be good. BRAC does not directly charge for facilitation (provision of training) but it also delivers services on a commercial basis (supply of day old chicks, feed and vaccines and medicines). Due to lack of transparent link between services provided and payment, it is difficult to determine what value is placed on different services.</p>	<p>Comments</p> <p>Authors note PMF a useful tool. Has sector wide perspective, most of market development indicators (used) useful and measurable. Cost recovery and sustainability indicators also useful, but must be geared to stage the program in terms of its costs and income.</p> <p>Divide BDS into transactional services (more immediate and non-strategic services), which MSMEs are more likely to pay for, and strategic services, which are geared to long term issues and many firms not as willing to pay. Include both in measuring market level indicators.</p> <p>PMF needs more flexibility.</p> <p>Quality of data available at BRAC for analysis is low</p>
<p>INDIA Development of a BDS Market in</p>	<p>No findings are reported as the assessment has not been undertaken yet.</p>	<p>No findings are reported as the assessment has not been undertaken yet.</p>	<p>Comments</p> <p>The SOW clearly discusses the framework and hypotheses to be</p>

TABLE 3 Country & Project	General findings	Outcomes and impacts	Comments
Rural Himalayas, India USAID			tested by the study. It also provides a discussion of methodological issues involved in conducting impact assessments and relies on a sound balanced methodology.
SRI LANKA The Competitiveness Initiative (TCI) USAID	<p>3rd evaluation report: The estimated NPV of additional income resulting from TCI project was \$69 million. The estimated benefit-cost ratio was 10:1.</p> <p>1st evaluation report: -Contractor did not complete actions described in proposal and USAID provided poor oversight, resulting in major project overhaul in 2001 -The authors comment that there is a lack of performance measures for these types of projects -Despite limitations in project implementation, there has been some success in forming the 8 clusters</p>		<p>Comments</p> <p>-As the authors point out, the numbers in the report should be viewed as approximations only. -Little program context was provided in this report.</p>
VIETNAM Training for Women in Micro and Small Enterprises in Vietnam phase 2 (TWMSE2) Dutch Foundation for Coop of Internl Edu Inst & WU	The paper reports findings on training effects 4 to 6 months after the first series of trainings.	<p><i>Enterprise development</i></p> <p>Management training stimulated changes in management practices, introduced marketing techniques and advanced financial records keeping. A significantly higher percentage of trained entrepreneurs separated business and family finances compared to baseline and the control group, Training led to innovation, better products, and increased productivity. Training had a significant positive effect on sales and income, but direct employment creation as a result of the training could not be confirmed in such a short time frame.</p> <p><i>Gender</i></p> <p>-Survey presents a contradictory picture of impacts on women owners and managers. Women's workload and work time increase, but their quality of life & control and decision making capability also increase. Further exploration needed to understand how women entrepreneurs assess their quality of life & ability to make business decisions.</p>	<p>Comments</p> <p>Question whether follow up survey respondents representative of the original sample members (for both control and treatment group). Among control group members, 23.8% had received some form of management training in the past. Self-selection bias. Future research should focus on ambitions of the 3 target groups (non-entrepreneurs, potential/ non-growing entrepreneurs, and growth-oriented entrepreneurs) to better potential impacts. It should also compare project benefits (with and without training) for each group in order to justify the costs of business training.</p>
VIETNAM, CAMBODIA &	Part A: Advisory services 169 MOUs were signed with 149 companies and 109	Advisory Service: <i>Client satisfaction-</i>	Comments In cases where clients were asked

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<p>LAOS The Mekong Project Development Facility (MPDF) IFC and other donors (8 bilateral and 2 multilateral institutions)</p>	<p>projects completed by end of 2001. 142 MOUs for financial advisory services (96 projects completed) and 27 MOUs for technical assistance (with 13 completed projects). MPFD helped arrange for \$58.2 million in financing, including \$32.6 million in term loans directly for companies.</p> <p>-80% completing financial advisory projects have already implemented the investment and 15% plan on carrying out the projects in the future</p> <p>-More than 90% had annual sales of less than \$5 million when at the start and can be considered small based on IFC's definition of firm sizes)</p> <p>Eighty-five percent of clients were fully owned by private investors; 65.1% companies led by men, 19.4% led by women and 15.5% operated jointly be men and women.</p> <p>-75% companies manufacturing (food processing, apparel and textiles)Other companies in agriculture, construction, trade and services, including educational and financial institutions.</p> <p>-80.5% of clients are located in Vietnam, 9.4% in Cambodia and 10.1% in Laos.</p> <p>Part B: Management training program</p> <p>-128 courses were delivered by 16 partner institutions as of December 31, 2001.</p> <p>-A total of 3,120 participants from 1,000 companies participated in the management training courses.</p> <p>-The sample of participant companies in the training program had average annual sales of \$6.9 million and employed 586 people. Twenty-five percent of companies that participated in training programs had annual sales greater than \$15 million.</p> <p>Government owns an interest in 41.3% of the companies. Approximately 33.8% of the companies are fully owned by the government.</p> <p>12.7% of companies were led by women, 77.2% were headed by men and the remaining 10.1% were run jointly</p>	<p>82% of A respondents and 89% B respondents "very satisfied" or "satisfied"</p> <p><i>BDS market development:</i></p> <p>60% believe value of services were greater than fees charged</p> <p>77% said there were no other providers of similar services in their location</p> <p>79% indicated that interaction w/ MPFD had increased the likelihood of their using outside service providers</p> <p>Less than 5% revenues from fees in 2001, well below original expectations. (\$11.5 million spent on program between 1998 and 2001; \$102,000 revenues from fees in 2001)</p> <p><i>Enterprise development:</i></p> <p>65% improve access to finance</p> <p>70% report employees gained & applied new knowledge or skills</p> <p>81% implement changes in at least one aspect of their business</p> <p>68% improve performance in one or more ways</p> <p>Almost 60% report higher sales and/or profits.</p> <p>Sales increased by an estimated average of \$406,600 (n=80) and employment (n=51) by an estimated average of 20.4 workers as a result of the project. Figures driven by responses of a handful of companies reporting substantial gains. More than half stated that the impact on sales & employment was 0.</p> <p>Comparing clients and non-clients shows impacts are not dependent on company completing an assignment with MPDF but on the magnitude of services. Consultant expenditures showed positive, substantial and statistically significant effects on sales. On average, each \$1,000 on consultants boosts sales by 10%.</p> <p>50% report that other companies change business strategies or operations, undertake new investments in the country, and/or provide training to employees, following their example.</p> <p><i>E&S:</i></p> <p>MPFD clients maintain higher E&S standards than typical in the region. However, 6 of 13 sites were not fully compliant with local health, safety or environmental regulations and 9 would not meet IFC's more stringent requirements.</p> <p>Management training program</p> <p><i>BDS market development</i></p> <p>40% of respondents believe that value of training was greater than fees</p>	<p>to estimate the impact of the services against counterfactual based on their own judgment, number of respondents was relatively small.</p> <p>Gender disaggregated impact was not provided at all.</p> <p>As proxy for impact, clients were asked to estimate the impact of the MPDF services on sales and employment, by comparing the actual (observed) performance in 2001 to estimated performance in the absence of services (counterfactual).</p>

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	by men and women.	<p>charged</p> <p>Over 50% of respondents know of providers that offer similar training. Training institutions confirm increased competition.</p> <p>Training institutions report difficulties covering full cost of training at current prices.</p> <p>MPDF spent \$12,350 per course and \$507 per training participant.</p> <p><i>Individual level</i></p> <p>-100% of respondents said that employees gained new knowledge and 92% said that employees developed new skills as a result of participating in training</p> <p><i>Enterprise development</i></p> <p>90% report employees applied new or upgraded skills in their jobs.</p> <p>95% report employees were more motivated as a result of training</p> <p>98% report implementing changes in at least one aspect of their business.</p> <p>83% noted improved performance in at least one way</p> <p>79% report higher sales and/or net profits. Overall, sales increased by an average of \$422,000 (n=16) & employment (n=23) by an average of three workers. But half don't increase sales and employment. Comparing data on clients and non-clients shows the impact of training on annual sales is positive, but not statistically significant and substantial, except in case of exports.</p> <p>On average, training increases annual export sales by 128%.</p> <p>86% of respondents more likely to use outside service providers.</p>	
MIDDLE EAST			
EGYPT Agricultural Policy Reform Program (APRP) USAID/Egypt	The report finds substantial success in the liberalization and privatization of the cotton, rice sub-sectors, pest control management, seed sub-sector; and creating an enabling environment for private investment. Many laws and decrees (developed and implemented) are cited in the report that show the achievement of almost all of the benchmarks set for the program.	<p><i>Privatization</i></p> <p>Prior to 1994, certified seed of wheat, rice and fava beans was produced exclusively by the GOE. In 2002 more than 20 private companies produce these seeds, supplying over 30% of the market. Fifteen private companies produce maize seed, covering 80% of that market. Six private companies now own their own seed processing plants and many have created their own distribution networks.</p> <p>Cotton pest Management services: farmers trained in pest scouting and pest control methods who were able to operate as free agents achieved higher cotton yields at reduced pest control costs (less than LE 100 per feddan) and used fewer pesticides (and in lesser quantities) than neighboring farmers not included in the program (for whom cost of pesticides per feddan reached as high as LE 170) or when MALR performed this job.</p>	Comments Report provides extremely limited quantitative data related to the project's performance and impact.

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		The program succeeded in reducing the high registration fees for imported registered fruit and vegetable seeds, for main agricultural crops (cotton, wheat, rice, maize, beans, sunflower, soybean, berseem, sugarcane, and some others) and for other vegetable crops	
EGYPT Rice Subsector-Part of the Agricultural Policy Reform Program (APRP) USAID/Egypt	<p>-Rice marketing systems were liberalized in 1992/93 (pre-APRP) leading to a significant private sector entry into paddy assembly, paddy and rice wholesale trading, rice exporting, and with a lag of 2-3 years, rice milling.</p> <p>-Over the life of APRP private sector shares remained high in paddy assembly, milling, rice distribution and export.</p> <p>-Firm conduct or behavior within industries and between sub-sector stages remained competitive.</p> <p>-GOE interventions in the market, typically in the form of announcements about anticipated producer paddy prices, export levels, and export subsidies tended to de-stabilize the market, leading to higher domestic prices.</p> <p>-A significant APRP achievement was to help create and provide partial funding for the Agricultural Commodity Council (ACC) and especially the Subcommittee for Rice and Grains which has become an advocacy organization for the rice industry, particularly for exporters and large commercial mills. APRP contributed technical, advisory and financial resources to the establishment of ACC.</p> <p>-APRP also made efforts to develop a rice website that included database on rice prices and exports.</p>	<p><i>Sub-sector development</i></p> <p>Sub-sector performance overall was strong.</p> <ul style="list-style-type: none"> - area planted to paddy increased by 3.1% over time; - average paddy yields increased by 10.2%; -paddy production increased by 12.9%; -average producer and wholesale prices decreased by 1.9% and 9.7%, respectively; -exports increased by 52% and number of exporters increased by 51%. <p>Rice trade and milling created many employment opportunities for workers based in rural areas and small towns in the Delta.</p> <p>Concentration in the paddy trading, rice milling and rice export industries was relatively low and actually declined over the life of APRP, whereas cotton ginning and export remained concentrated with high public sector shares and greater concentration in the private sector dominated segments. Competition in rice milling and export led to investments in better cleaning and sorting equipment at larger mills and innovations in packaging and promotion, particularly targeting export markets.</p> <p><i>Privatization</i></p> <p>One of APRP's main achievements lay in encouraging Ministry of Public Enterprise (MPE) to privatize the public rice milling companies and in providing some post-privatization training to ESA mill managers and in assisting the MALR and Ministry of Water Resources and Irrigation (MWRI) to manage scarce irrigation water resources better, particularly in cultivation of short-season rice varieties (% area to short-season rice variety increased by 444% over time).</p>	<p>Comments</p> <p>Findings on changes in sub sector performance cannot be attributed to APRP.</p> <p>Technical Note about the partial equilibrium approach: A partial equilibrium model tracks the effect of a regulatory action in one market; all other possible market interactions are ignored. This approach compares with a general equilibrium model which tracks the effects of a regulation in all sectors of the economy; no intersectoral linkages are ignored). Given that the rice sub-sector is closely tied to cotton sub-sector, there are some limitations with using the partial equilibrium approach.</p> <p>-Evaluators stress the need to closely monitor the sub-sector, irrigation rotations, cropping patterns, and how water savings are used in the future and strongly advocate for further applied research especially in improving estimates of area cropped to paddy, yield and production forecasts and estimates.</p>
EGYPT Agricultural Technology Utilization and Transfer USAID/Egypt	<p>-ATUT project has attained and in some cases far surpassed its targets.</p> <p>-The project has significantly increased horticulture exports and in two cases has created new export industry from a low or non-existent base.</p> <p>-Study cites lack of program coordination between ATUT and other organizations involved in exports such as the</p>	<p><i>Sub sector development</i></p> <p>The original project indicators called for a 5% average increase in volume and an 8% increase in value for selected horticultural commodity exports. The study shows that the volume of exports increased by 432% and the value by 441%.</p> <p>Table grape exports grew from 1,200 tons in 1998, to 6,600 tons worth \$22.2 million in 2001. The workforce consists primarily of women (75%). The number of jobs created by the grape industry was 2,390 in 2001 and</p>	<p>Comments</p> <p>The study notes that a unique aspect of this project is the fact that farmer-participants pay for the technical-services they receive as well as supporting their associations financially.</p>

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	<p>Ministry of Foreign Trade & limited focus on marketing & development of market intelligence system as areas where improvements could have been made.</p>	<p>3,000 in 2002.</p> <p>Fine green beans exports increased from virtually none prior to ATUT to an estimated 19,700 tons valued at more than \$23 million in 2001-2002.</p> <p>Strawberry exports increased from a little more than 2,000 tons at \$10.6 million in 1998-1999 to 5,600 tons worth \$22.7 million in 2001-2002</p> <p>Cut flower exports were 4.5 million stems valued at about \$500,000 in 1999. By 2001-2002 Egypt was exporting 33.2 million stems worth \$5.7 million. Exports primarily go to European Union and Gulf-Region market. The cut flower workforce is comprised primarily of women and girls.</p> <p>Overall project cost Benefit Analysis: By the close of 2001, the value of Level One exports (cut flowers, fine green beans, strawberries and table grapes) had reached \$141 million. This represents a return of slightly more than \$2.56 for each project dollar invested.</p> <p><i>BDS market development</i></p> <p>A significant contribution of the program was the support extended to the Horticultural Export Improvement Association (HEIA), which has become one of the first modern business support organizations in Egypt & is the primary vehicle for the sustainability of project initiatives. The membership of HEIA has increased from 40 firms in 1997 to almost 200, including more than 60 small and medium-scale growers and 16 women growers.</p> <p><i>Market linkages</i></p> <p>Intensive one-on-one service delivery approach instrumental for excellent progress made by producer clients. However, the strategy limited direct TA and technology transfer to a very small portion of the horticultural sector. The working group transferred technology to more industry participants, but their coverage was limited by the relatively small number of people involved in the group & their part-time participation.</p> <p>Project did not really succeed in integrating smallholders into the commercial horticultural/export sector. This suggests the need to significantly expand the provision of technology transfers and technical services to these smallholders.</p>	<p>The model used here is referred to as Nucleus Enterprise Model</p>
LATIN AMERICA AND CARRIBEAN			
<p>LAC 100 BDS projects MIF</p>	<p>-MIF approach to BDS programs shifted from general approach in 1994-98 to more specific firm needs (such as quality, marketing, networking & start-up requirements) in 1999-2002. The second period used demand side</p>	<p><i>Highlights of Impact Studies Cited:</i></p> <p>Argentina "Services to Small Rural Producers"</p> <p><i>BDS market development</i></p>	<p>Comments</p> <p>-Project 'evaluability' low. Only 40% of projects included some kind of impact indicators for</p>

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	<p>mechanisms to support BDS market development, such as “vouchers” for microenterprises and “matching grants” for SMEs. There was also a decline in the average amount of money given to projects, from \$3.5 million in 1995 to \$0.7 million in 2002.</p> <p>-BDS interventions that have addressed specific needs of MSMEs (e.g. regulation of SMEs administrative context, a particular group of SME exporters in a productive sector facing specific bottlenecks or demand-driven projects using matching grants) have demonstrated higher levels of relevance during the project life cycle.</p> <p>-Low ratio of business services provided to MSMEs vis-à-vis the amount of resources devoted to general activities or “institutional strengthening” had a negative impact on efficiency.</p> <p>-Based on evaluation results six critical areas need to be addressed by MIF: (i) focused action; (ii) benefiting from emerging needs for BDS to support MSMEs in the integration and trade processes; (iii) systemic approach; (iv) generation of BDS market platforms; (v) simulate innovation and open competition; and (vi) leverage institutional network and experiences.</p>	<p>Rural producers have better perception of BDS usefulness & their increased demand of them</p> <p>All producers were prepared to pay for services, in the case they were not going to be subsidized once the project ended.</p> <p><i>Individual level</i></p> <p>74% of rural producers put the new knowledge they acquired by participating in the project to use. In the rest of the cases, they could not put them to use due to financial limitations</p> <p><i>Enterprise development</i></p> <p>TA and investment projects did determine a new way for producers’ operational organization</p> <p>20% of total producers reported higher revenues as a result of their participation in the project</p> <p>Regional “Expansion of Microenterprise Training”</p> <p><i>Client satisfaction</i>:-Almost all beneficiaries considered courses curricula as very relevant for their needs.</p> <p>Around 60% of the beneficiaries stated that their participation in the training courses had had positive effects on them</p> <p><i>Individual level:</i></p> <p>68% of beneficiaries showed that they had not only acquired new knowledge but put it in practice</p> <p>Almost half of the cases, revealed changes in their entrepreneurial practices in accordance with their new “know-how”</p>	<p>monitoring purposes. Analysis of case studies revealed weak indicators. Evaluation reviewed 149 indicators in 25 cases. Only 23% of them included baseline data, 64% included a measurable target, and only 6% included benchmarks. Lack of careful planning and design before project approval, as well as dispersed and generic set of objectives makes it difficult to define & monitor key output and impact variables. Only 3 projects conducted impact evaluations and only 2 of them were available. The report also mentions that additional impact evaluations might exist but no system exists for collecting or tracking them.</p>
<p>BOLIVIA Market Access and Poverty Alleviation (MAPA) Project USAID/Bolivia</p>	<p>MAPA/FDTA-Valleys</p> <p>-Report concludes it is a good project – performance measures are being met. The creation of public sector/private sector agricultural research and extension was well conceived and implemented and it is maturing into a viable and sustainable organization. Its strength and potential is due to its market orientation and commodity chain approach, its ability to hire permanent, highly qualified staff, its flexibility in its operating procedures, its agile funding mechanism and its result-based orientation.</p> <p>-Municipalities support PITAs by contributing all or a portion of the required 15% to the Foundation’s Patrimony Fund. They do not consider this excessive and believe this is part of their responsibility to facilitate growth in their areas.</p>	<p>MAPA/FDTA-Valleys</p> <p><i>Enterprise level</i></p> <p>70% of high adopters harvested products with support from the project</p> <p>81% of this group considered that their gross incomes had increased an avg of 8% as a result of activities related to their focus crop (onions, peppers, table tomatoes and table grapes, oregano and berries) and their net net incomes had increased an avg of 73% as a result of a specific technological innovation with their focus crop</p> <p>88% of high adopters indicated they are applying all the recommended technologies</p> <p>Only 39% of high adopters positively benefited in their relations with intermediaries/buyers due to better product quality as a result of the project</p>	<p>Comments</p> <p>Sample of participants (beneficiaries) chosen for the MAPA-Valleys survey was drawn from high adopters of technologies recommended which introduces bias in the results reported.</p> <p>Environment: The report discusses environmental considerations of the project and concludes that the relevant environmental issues are being appropriately handled by the project.</p>

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	<p>MAPA/Yungas</p> <ul style="list-style-type: none"> - Good progress towards the achievement of its goals.. -Project collaborates with growers, processors, and exporters, to secure international markets for specialty and fair trade coffee which has contributed to the doubling of cherry coffee prices paid to the growers in the Yungas. It is too premature to quantifiably measure the results of either the tourism development or the tea component. 	<p>93% of high adopters will continue to employ the recommended new technologies when the project ends</p> <p>45% of high adopters knew of other non-participating growers of their products who were using the technologies recommended by the project.</p> <p>MAPA/Yungas</p> <p><i>Enterprise level</i> -78% of growers who harvested coffee with the project increased their incomes increased</p> <p>Average increase in gross income of participating growers was 16.3%</p> <p>Average increase in net income of participating growers was 47.4%</p> <p>46% of growers that indicated they had positively benefited in their relations with buyers due to better product quality</p> <p>82% of growers were applying the technologies taught by the project</p> <p>88% of growers indicated they would continue to use the new technology when the project ends</p> <p><i>Sub-sector development</i></p> <p>Project contributes to doubling cherry coffee prices in Yungas.</p>	<p>Gender: The project does not contain specific programs that target women either in the workplace or as recipients of technical assistance. However, many of the project staff and many of the project beneficiaries are women In terms of job creation, a majority of new jobs created, be they in coffee processing, tourism development, onion selection and packaging and others, tend to favor women. (from report).</p>
<p>Central America (El Salvador, Guatemala, Honduras, and Nicaragua)</p> <p>Post Hurricane Mitch (1998) programs or projects conducted to address food Sanitary and Phytosanitary (SPS) problems or SPS-related compliance to promote exports of a wide range of non-traditional agricultural export commodities.</p> <p>USAID and USDA</p>	<p>SPS-related programs worked particularly well when they were associated with complementary agribusiness development and regulatory strengthening activities. The combination of services and programs that worked best included:</p> <ul style="list-style-type: none"> -Technical assistance to producers (GAP and IPM) and processors (GMP and HACCP systems) in combination with export marketing, particularly to ethnic and regional markets; and -Technical support, accreditation & privatization of selected regulatory services in combination with product promotion in national markets to generate high quality-based price premiums and justify investment in SPS compliance and food safety. -Future coordination of USDA SPS programs with USAID agribusiness development projects will facilitate Central America's long-term access to United States markets & ensure high quality, safe food products for national and regional markets. -Report concludes that additional USDA and USAID programs are needed to keep SPS compliance costs low & include small farmers and processors in the benefits of future free trade agreements. 	<p>The report supports USDA's conclusion from a previous report that these programs contributed to the goal of "enhancing economic resilience to future natural disasters in Central America." However, the authors state that attributing enhanced resilience to USDA or USAID programs would be misleading. Short-term training, pest monitoring, crop breeding, and laboratories did not cause agribusiness diversification or create the international trade linkages needed to recover from natural disasters and to date the new physical infrastructure has had little impact on exports or farm income.</p> <p>Report attributes enhanced economic resilience (to the extent it occurred) to a combination of factors including synergies between short-term USDA training programs & long-term USAID TA projects.</p> <p>Sustained impact was associated with integrated approach involving training, marketing, promotion, and institutional strengthening.</p>	<p>Comments</p> <p>The report does not provide any quantitative data on impact.</p>
<p>EL SALVADOR</p>	<p>The report recommends that USAID should continue to</p>	<p><i>Market level.</i></p>	

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Program for the Promotion of Non-Traditional Agricultural Exports (NTAEs) USAID/EI Salvador	support NTAE development in EI Salvador, but it should focus its efforts on increasing impact. In addition, the study finds that NTAE growth is not sustainable because it requires mechanisms be in place to help new producers and exporters and for innovative development of new products and new markets.	<p>Greatest impacts on the value and volume of product exported, employment generated and benefits to the rural community. Sustainable CLUSA-assisted programs include 1) fresh watermelons and honeydew melons for the U.S. & European markets; 2) organic exports for U.S. & European markets; 3) sesame exports to the U.S; 4) vegetable production for local processing and later exports.</p> <p>In terms of the sustainability of cooperatives assisted, only six were found to be able to continue exports of fresh NTAEs without further support.</p> <p>DIVAGRO's approach consisted of providing a combination of credit, production technology transfer, and market assistance to private investors with limited follow-up activity. The difficult environment combined with less than optimal performance in implementation resulted in considerably less impact than expected. The project extended a total of 50 investment loans, out of which 36 were viable businesses and survived (72% survival rate). In terms of sustainability of investments, DIVAGRO showed better results compared to CLUSA and Technoserve.</p> <p>Technoserve's approach focused on cooperative institutional development & not NTAEs. Therefore, its impact on exports was limited. In addition, given the method they used to track their progress, which did not capture incremental impact but reported cumulative totals, the evaluation team found that it was not possible to really assess the impact of the project.</p>	
PANAMA Trade and Investment Development Project	<p>Policy reform</p> <p>Tourism law passed</p> <p>Key business associations brought together around policy change</p> <p>Presidential Councils on tourism and investments created</p> <p>Series of economic policy proposals presented to president, identifying reforms to make Panama more competitive in world market</p> <p>Export development</p> <p>One stop business licensing center established</p> <p>No development plans for light industry made; plans for non-traditional agricultural products only recently initiated (at time of evaluation)</p>	<p><i>Sub-sector development</i></p> <p>No impact on increasing non-traditional exports – as no product development plans carried out by time of final evaluation</p> <p><i>Policy/Legal environment</i></p> <p>Tourism law and one stop licensing laws recently passed, but not enough time elapsed at time of final evaluation for any impacts on investment, employment or exports.</p>	
PERU Poverty Reduction and Alleviation Program (PRA) USAID/Peru	Market-oriented concept of the PRA project effective and very promising. Strategy effective and holds great promise for greater success and impact in the future. Team recommends strengthening and extending the program for another three to five years; following review and redefine the policy component of the project (weak due to a change in the implementing organization).	<p><i>Client satisfaction</i></p> <p>PRA "clients" say ESC services are needed, effective, and appreciated. Break bottlenecks. Usually production or marketing bottlenecks faced by the assisted business.</p> <p>TA, adequate, appropriate and helpful in increasing sales and the expansion of their operations</p>	<p>Comments</p> <p>Impact estimates such as increase in sales and profits and employment attributed to the program are based on judgments or estimates. Impact on poverty is completely based on subjective</p>

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	<p>Recommends attention to three issues (1) measurement of cost-benefit and/or cost-efficiency of the program and definition of most appropriate and practical indicators of impact, (2) the Sustainability of PRA services, (3) the PRA needs an exit strategy.</p> <p>Important qualitative output of this project is the growing awareness of the importance of the market among corridor businesses, producers, government agencies & personnel, national and international NGO's,</p> <p>Lack of trust between parties factor inhibiting successful marketing linkage along the value chain The role of the ESC advisor as a "moral guarantor" of the performance of the parties to a deal is as important as any technical or informational input.</p> <p>- PRA services not self-sustaining -- no critical mass of clients that can pay for ESC's activities. Larger clients, usually involved in the commercialization of products, can assume the cost of TA but small clients; usually tied to the production function, can not.</p> <p>The Evaluation Team thinks that PRA clients should be required to finance in whole or in part the cost of technical assistance provided, whether local, national or international. This situation would allow the client to evaluate more carefully the nature and quality of technical services to be provided, and give him a voice in defining the need for and the election of the provider.</p>	<p>All ESC clients want more ESC assistance.</p> <p>Clients express need for financial assistance – an ingredient not included in the PRA assistance package.</p> <p><i>Enterprise development</i></p> <p>Larger businesses gave high marks for the assistance but generally attributed increases in income and sales to exogenous factors rather than to program</p> <p>Smaller businesses generally attributed all their sales gains to program assistance. Benefits include better prices for their products, stable prices, improved market knowledge, new contacts with reliable buyers, enhanced productivity, and the introduction of new crops with better prices and markets.</p> <p><i>Cost benefit</i></p> <p>Comparing the aggregate incremental sales (\$17,370,510) to the aggregate costs (\$10,222,145) reveals that for every dollar of PRA costs the program has generated US\$1.70 in sales. Based on estimate of increased sales and costs, evaluators find that each year sales per dollar cost has increased, reaching \$2.46 in the year ended September, 2002.</p> <p><i>Poverty</i></p> <p>-All clients and PRA beneficiaries interviewed believe, based on first hand experience, see PRA is contributing to poverty alleviation</p> <p>Title II NGOs consider PRA contribute to poverty reduction in different corridors. However, views on the nature and magnitude of impact are variable.</p> <p><i>Sub sector development/market linkages</i></p> <p>All of the clients and producer groups were of the opinion that even though PRA assistance might be terminated, the relationships now established between buyers and their suppliers would continue.</p> <p><i>Gender</i></p> <p>In all clients or client associations & beneficiary groups there was participation by women and in some groups this participation was virtually 100% of participants. No evidence of discrimination was seen.</p> <p><i>Environment</i></p> <p>Evaluation Team saw no instances of environmental damages resulting from the client groups' production activities. There are various instances of clients' adopting changes in their work habits that are having a positive</p>	<p>assessment of the clients/beneficiaries and is not measured (anecdotal).</p>

TABLE 3 Country & Project	General findings	Outcomes and impacts	Comments
		effect on the environment.	
TRANSITION COUNTRIES			
<p>BALKAN REGION: Albania, Bosnia and Herzegovina (BiH), the Former Yugoslav Republic of Macedonia (FYRM), Kosovo, Serbia and Montenegro (last 2 countries added in mid 2001</p> <p>Southeast Europe Enterprise Development Facility (SEED)</p> <p>IFC and nine other international donors</p>	<p>Investment Service Clients</p> <p>-As of December 31, 2002, SEED delivered investment services to 74 companies. Based on the client survey, 92% of clients had annual sales of €15 million or less, 73% were fully owned by local private investors, and only one was a woman-owned firm. The manufacturing sector (with food processing as the lead industry) accounted for 58% of IS clients, and 45% of IS clients were located in BiH, 13.5% in Albania, 18.9% in Serbia and Montenegro and 23% in FYR Macedonia.</p> <p>Capacity Building-SMEs</p> <p>-A total of 884 participants from 219 companies have participated in SEED training programs. Cost of training was \$3,000 per participant and \$100 per participant-training hour. On average, companies had annual sales of approximately €2.4 million and employed an average of 49 people (median of 15). Approximately 97% had annual sales of up to €15 million. Roughly 77% of the companies are fully owned by local private investors and 86.5% have at least some local private investment. In addition, 84.4% were headed by men and 15.6% were headed by women. The majority of firms are engaged in either manufacturing (34.4%) or services (34.4%). The rest are in construction, trade and agriculture. Among training clients, 24% were in Albania, 21% in BiH, 24% in Macedonia, and 31% in Serbia and Montenegro.</p> <p>Capacity Building-BDS:</p> <p>-SEED develops local consultants by providing a wide range of classroom and on-the-job training. 64 consulting business have been trained (16 are members of the Consultancy Network and are younger in age compared to non-network members).</p> <p>-SEED spent roughly \$3.2 million from FY01 through Q2FY03 on IS. The average cost to complete an IS project has been \$8,264, excluding indirect costs.</p> <p>-Activities undertaken by SEED appear to be an expensive</p>	<p>Investment Service Clients</p> <p><i>Client satisfaction</i></p> <p>71% of IEP clients and 66% of IP clients were “very satisfied” or “satisfied” w/ services received. 21% of IEP clients & 20% of IP clients neither satisfied nor dissatisfied.</p> <p><i>BDS market development</i></p> <p>17% of IEP clients & 8% of IP clients say value of services greater than fees charged; 56% of IEP clients & 69% of IP clients say value was equivalent to fees charged.</p> <p>44% of IEP clients & half of IP clients say no other providers of similar services in their location</p> <p>SEED helps 10 companies secure a total of \$2.3 million of financing</p> <p><i>Enterprise level</i></p> <p>85% of respondents say employees gained new knowledge or skills & 96.4% reported that these have been put to use.</p> <p>More than 80% of IS clients implement changes (improvements) in at least one aspect of their business.</p> <p>Roughly one-third of respondents reported improved performance in one or more ways.</p> <p>40% indicate that SEED assistance increased the ability of their company to compete to a “great” or “moderate” extent.</p> <p>30% of IS clients report that SEED’s assistance resulted in higher annual sales & 36% indicated that their net profits were higher due to SEED.</p> <p>Five IS clients estimate that sales increased by an average of €654,227 (median of €153,601) and employment by an average of 17.8 workers (median of 7) as result of SEEDS.</p> <p>Capacity Building-SMEs:</p> <p><i>BDS market development-</i></p> <p>41% of respondents reported that there were other companies or organizations that could have provided similar services.</p> <p>80% reported that they were “very satisfied” or “satisfied” with the training.</p> <p>14% believe that the value of training was greater than fees charged & 65% said it was equivalent to fees</p> <p>Half respondents report that their interaction with SEED has led other firms</p>	<p>Comments</p> <p>Gender considerations were not integrated into the project and no analysis of gender other than descriptive information with regard to clients were included in the report. Environmental issues with regard to client businesses were only discussed very briefly in the report.</p>

TABLE 3 Country & Project	General findings	Outcomes and impacts	Comments
	<p>way to develop the capacity of local consultants and extend the range of services available to SMEs in the region.</p> <p>-Based on survey results several key factors limit growth of consulting firms: unwillingness or inability of SMEs to pay for services at current prices, difficulty in finding qualified staff, high costs of identifying potential clients. Consultants also noted a number factors that contribute to SMEs reluctance to use consulting services: SMEs have difficulty identifying their needs, lack information on quality of services available, & have difficulty managing consulting & training pr</p> <p>-While SEED has been charging for IS and training services, it is from covering direct project expenses or full cost of service delivery objects.</p>	<p>to seek outside consulting and training services (spillover effect). A quarter of SEED's training clients reported knowledge spillovers by noting that other firms had followed their lead in making strategic or operating changes.</p> <p><i>Individual level</i></p> <p>87% of respondents said that employees gained new knowledge or skills & among them, 90% said that the new knowledge or skill had been put to use.</p> <p><i>Enterprise level</i></p> <p>88% of respondents said that they have implemented changes in at least one aspect of their business.</p> <p>54% of respondents noted improved performance in at least one way.</p> <p>77.1% indicated that training increased the ability of the company to compete.</p> <p>22% and 18% of clients reported higher sales and/or net profits and estimate sales increased by an average of €1,300 (median of €0) and employment by 6 workers as a result of SEEDS. (sales not statistically significant).</p> <p>Capacity Building-BDS:</p> <p><i>Client satisfaction</i></p> <p>-66% of consultants surveyed said that they were either "satisfied" or "very satisfied" with the services they received.</p> <p><i>BDS market development</i></p> <p>Almost all network members and 44% non-network members use SEED content or techniques with their clients (half with three or fewer clients),</p> <p>-61% consultants gain greater knowledge of the needs of SMEs.</p> <p>More than half of the network members and one third non-network members report implementing new products and services geared toward SMEs</p> <p>-More than half of the CN members and only 20% of non-network members reported that they had changed the range of services offered as a result of involvement with SEED.</p> <p>76% of respondents noted improved performance along at least one dimension.</p> <p>43.9% and 39% of respondents report that assistance provided by SEED resulted in higher sales & net profits, respectively (differences between network and non-network members statistically significant). -- 12% of respondents say SEED's activities result in permanent expansion in the demand for services "to a great extent" and 34% stated that SEED's activities result in permanent expansion in the demand for services "to a</p>	

TABLE 3 Country & Project	General findings	Outcomes and impacts	Comments
		<p>moderate extent".</p> <p>- 15% of respondents say that SEED's activities result in permanent expansion in the supply of consulting and training services "to a "great extent" and 32% stated that SEED's activities have resulted in permanent expansion in the supply of services "to a moderate extent".</p> <p>24% of respondents that had not offered services to SMEs prior to SEED interaction, 90% reported that they would now do so. All respondents plan to continue to offer consulting & training services to SMEs while most plan to do so using knowledge & techniques from SEED in their work.</p>	
<p>BULGARIA Firm Level Assistance Group (FLAG) Program USAID/Bulgaria</p>	<p>FLAG program has successfully met its objectives and there exists a strong future demand for the continuation of FLAG services.</p> <p>-1,432 technical assistance projects were delivered to FLAG's client SME industry clusters and BSO</p> <p>- 8,203 female employees and 141 woman-managed businesses received assistance in FY2001 alone.</p> <p>-\$25.5 million committed as a result of 39 business plans developed for financing private firms</p> <p>-87 companies introduced to international management standards with 13 of them already certified</p> <p><i>Recommendations:</i></p> <p>The role for market & trade development assistance could be expanded as SMEs develop.</p> <p>Awareness and utilization of the Global Trade Network (GTN) service could increase among clients.</p> <p>In principal, surveyed firms are open to engaging fee-based consulting services. However, willingness to pay depends on the availability of funds, fee rates & schedule, type of service/expertise and perceived bottom line impact. To date, contributory fees or in-kind payments have been charged for many of FLAG's services but are not at levels that would enable FLAG to be sustainable.</p> <p>Surveyed firms reported the following macro issues as constraints to SME development:</p> <p>Access to credit/finance</p> <p>Lower demand to continued decrease of purchasing power</p> <p>Legal and judicial system bureaucracy</p>	<p><i>Client satisfaction</i></p> <p>FLAG's support services & consultants were unanimously held in high regard & considered as valuable</p> <p>Consulting TA support most critical to business development. 70% of respondents say they will request such assistance in the future.</p> <p>Most valuable service provided by FLAG in the opinion of surveyed managers was exposure to & development of market-oriented Western management practices, planning and problem solving skills.</p> <p><i>Market level changes (not attributed to project)</i></p> <p>-24,984 jobs created and retained (not very accurate)</p> <p>-15% increase in exports</p> <p>-12% increase in productivity</p> <p>-13% increase in domestic sales</p> <p>-560 firms adopted Western style business practices</p> <p><i>Business linkages</i></p> <p>\$44,967,838 worth of joint ventures and business linkages were established</p> <p><i>BDS market development</i></p> <p>54 associations were assisted in strengthening member services including improved advocacy on members behalf, which led to the adoption of five SME related laws</p> <p>Development of a sustainable network of BSOs</p> <p><i>Enterprise development</i></p> <p>43% report jobs increased, 79% report sales increased, 50% report improvements in technology and/or production levels, and 14% report</p>	<p>Comments</p> <p>Evaluators reported that employment, sales and export numbers reported in the surveys were not verified.</p> <p>Survey findings with regard to Impact (increase in sales, jobs, etc.) are not reliable since they are based on a very small number of respondents.</p>

TABLE 3 Country & Project	General findings	Outcomes and impacts	Comments
	<p>Unfair competition from the gray economy GOB policies and governance</p>	<p>market improvement or product expansion as a result of the short-term TA. Among ACDI/VOCA clients surveyed, 25% report jobs increased, 8% report sales increased, 50% report improvements in technology and/or production levels, and 42% reported market improvement or product expansion as a result of the short-term TA. 14% of University of Delaware clients surveyed said that they had better access to finance or credit as a result of services received. Financing/credit are enhanced by TA to surveyed firms. Many firms cite success stories attributable to FLAG assistance.</p>	
<p>KOSOVO Kosovo Agribusiness Development Program (KADP) USAID/Kosovo</p>	<p>-The program focuses on the three most important ATAs in Kosovo: the Kosovo Dealers of Agri-Inputs Association (KODAA), the Kosovo Flour Millers Association (SHMK) and the Kosovo Association of Poultry Producers and Feed Manufacturers (SHPUK). Program also supports the establishment of an apex association, the Alliance of Kosovo Agribusiness (AKA) to coordinate the work of associations in policy formulation and advocacy.</p>	<p>Author notes that despite some data limitations, reliable estimates of key impacts and benefits of the KADP were obtained and these estimates show clearly that the program had very significant positive impacts. <i>Market level</i> Impact on volume of business-about €17.3 million which represents a substantial impact on GDP (w/ multiplier impact is even greater) Impact on investment- €15.5 million over the 3-year life of the program (w/ multiplier impact will be higher). Impact on employment in ATAs-Employment increased by about 1,000 people/year & in terms of avg number of persons per year per member. Estimated savings due to economies of scale-€6.32 million over the life of the program. Impact on agricultural production, especially food production & productivity thru increased use of fertilizers, improved seeds and weed control practices (herbicides). In terms of fertilizers, the report indicates that from 2000 to 2002, the increase in fertilizer use due to KADP was 71,000 tonnes. Impact on crop productivity and profitability-Estimated potential impacts of fertilizer use on wheat and maize yields and on economic returns to farmers are based on results of field trials conducted by KADP. Crop yield increases of about 1.85 tonnes/ha for wheat and 3.82 tonnes/ha for maize are associated with the increased use of fertilizers. Crop production increased by approximately 153,800 tonnes of wheat and 190,400 tonnes of maize during the 3-year period. Net added returns to land & other factors that are fixed increased by a total of €15.66 million over three years, which represents increases of farmers' incomes. About 216,000 workdays of employment & an income of approximately €1.73 million for hired farm workers (to apply fertilizers & harvest onal crop</p>	<p>Comments Details on the data used are not provided by the report and they serve as the basis of a lot of estimates made to capture impact.</p>

BLE 3 ject	General findings	Outcomes and impacts	Comments
		<p>output) were generated during the 3-year program.</p> <p><i>Individual level</i></p> <p>Improvement of Human resource base-A total of 308 persons in the ATAs received training & improved their skills & knowledge over the life of the program.</p> <p><i>Cost benefit</i></p> <p>Results of Cost-Benefit Analysis: NPVs calculated at a 12% discount rate vary from \$208,000 for a scenario reflecting realistic expectations to \$16,000 for an extreme case scenario based on the assumption that only 25% of all estimated benefits are attributed to KADP. Benefit cost ratios vary from 2.9 to 1.14.</p>	

Additional findings on commonly used indicators and measures

BDS markets...

Measures of willingness to pay:

Ghana's TIRP study reports that in terms of cost sharing, a majority of firms surveyed indicated that they contributed to the cost of assistance. The level of contributions ranged from 10 percent per workshop to 50 percent for trade shows. Cost sharing appears to have been determined by the services provider (contractor). Evaluation team notes that it was difficult to ascertain the levels and values of contributions in cost sharing as there appeared to be no formal scheme, arrangement or record covering these transactions. The KEDS study in Kenya finds that cost-sharing mechanism has proven successful as a development instrument to promote exports (both in KEDS and a similar World Bank project). The study finds that long-term sustainability of firm level assistance depends on private sector exporting firms' access to export-related technical services through market mechanism. In the Kenya voucher study, the evaluator uses survey findings to estimate the percent of the value of the voucher that beneficiaries would be willing to pay. It finds that the average price training beneficiaries are willing to pay for repeat training is 42 percent of voucher value while the weighted average co-pay percentage for the beneficiaries was 13.5 percent. These estimates are based on only 23 beneficiaries. Using data from the survey of training providers, the evaluator notes that estimated payment level for further training (by trainees) is 33 percent of the voucher value whereas the weighted average co-pay percentage of the total number of beneficiaries in the voucher training program (VTP) and the technology and business development services voucher program (TBDS) scheme was 10.7 percent. The impact study of Argentina's "Services to Small Rural Producers" cited in MIF report indicates that all producers were prepared to pay for services, in the case they were not going to be subsidized once the project ended.

Client satisfaction:

The KED's study reported that entrepreneurs interviewed were strongly satisfied with risk sharing support from EDF for new ventures. Based on results of the impact study of Argentina's "Services to Small Producers" cited in the MIF report, changes in rural producers were mainly related to their better perception of BDS usefulness and their increased demand of them. The impact study of Regional "Expansion of Microenterprise Training" cited in the MIF report showed that almost all beneficiaries considered course curricula as very relevant for their needs. According to Peru's PRA study, clients interviewed unanimously stated that services offered by the ESCs are needed, effective and appreciated. In the majority of cases, the ESC's assistance

led to breaking a bottleneck (usually in production or marketing process) faced by the assisted business. In addition, all ESC clients expressed a desire for more ESC assistance. In the opinion of the recipients of ESC technical assistance, these services have been adequate and appropriate and have assisted in increasing sales and the expansion of their operations.

Product markets...

Evaluation of Egypt's Rice Sub-sector program also provides an example where results indicate that the program had a positive impact at the sub-sector level. The study found that the sub-sector performance overall was strong. Data collected on some of the indicators show that area planted to paddy increased by 3.1 percent over time; average paddy yields increased by 10.2 percent; paddy production increased by 12.9 percent; Average producer and wholesale prices decreased by 1.9 percent and 9.7 percent, respectively; exports increased by 52 percent and number of exporters increased by 51 percent. The report also found that rice trade and milling created many employment opportunities for workers based in rural areas and small towns in the Delta. Concentration in the paddy trading, rice milling and rice export industries was relatively low and actually declined over the life of APRP. Competition in rice milling and export led to investments in better cleaning and sorting equipment at larger mills and innovations in packaging and promotion, particularly targeting export markets.

KEDS study found that SMEs in horticulture are facing a crisis in maintaining presence in key markets in the EU due to tighter quality assurance and health regulations, and that exports to the EU are going to decrease and exports to COMESA are likely to increase. The Bangladesh JOBS program study found negative impact on the product market -- not based on quantitative figures, but rather on a qualitative assessment of elements of the project design that led to a non-commercial orientation of producers. The study notes that false expectations related to entitlement (lead firm must buy what they produce) within Milk Vita created a non-commercial dependency orientation among farmers. The study concludes that "pushing" the formation of producer groups without a growing end-market will result in saturation and supply surplus (e.g., Milk Vita has already reached production capacity amidst a growing number of newly created producer associations). Panama's TID program did not show any impact at the product market level, since the project did not move forward as planned.

Enterprises...

Impact of business services on enterprise sales, revenues, net profits or client income:

The report on Mali's craft project states that the 962 producers who were trained in product development experienced increased sales by the time the report was prepared exceeding the project target. According to the study of Bulgaria's FLAG project, among IESC and ACDI/VOCA clients surveyed, 79 percent and 8 percent, respectively, reported that their sales

increased. According to the SEED study roughly 30 percent of clients who received investment services reported that SEED's assistance resulted in higher annual sales and 36 percent indicated that their net profits were higher due to SEED. In terms of the impact of training on the amount of increase in sales (comparing the observed increase compared to the counterfactual), the study's findings are not very reliable due to the small number of responses⁴¹ In examining the impact of capacity building services of the program on SMEs, survey findings showed that 22 percent in one case and 18 percent of clients in another reported higher sales and/or net profits as a result of SEED's assistance. Clients were asked to estimate the impact of training on sales. A positive, yet modest increase in sales was reported by those that responded⁴². However, given the small sample size and large standard deviation, the mean was not found to be statistically significant.⁴³

Impact on enterprises' adoption of new technologies, improved performance of firms or other types of upgrading:

The FLAG study showed that among IESC clients surveyed, 50 percent reported improvements in technology and/or production levels, and 14 percent reported market improvement or product expansion as a result of the short-term technical assistance. The same study notes that among ACDI/VOCA clients surveyed, 50 percent reported improvements in technology and/or production levels, and 42 percent reported market improvement or product expansion as a result of the short-term technical assistance.

The SEED study found that among clients who received program assistance to obtain financing and were successful in securing financing, half believe that SEED played an instrumental role in this process. More than 80 percent of IS clients surveyed stated that they had implemented changes (improvements) in at least one aspect of their business and roughly one-third of respondents reported that their performance improved in one or more ways. Forty percent of respondents indicated that SEED assistance increased the ability of their company to compete to a "great" or "moderate" extent. In the survey of clients (SMEs) that received capacity building services, 88 percent of respondents said that they had implemented changes in at least one aspect of their business, 54 percent of respondents noted improved performance in at least one way and 77 percent indicated that training increased the ability of the company to compete.

⁴¹ Only five respondents answered the question.

⁴² Thirty-six clients responded to the question.

⁴³ Among consultants surveyed by the study, 43.9 percent and 39 percent reported that assistance provided by SEED resulted in higher sales and net profits, respectively. A higher percentage of firms in the Consultant Network (CN) reported increased sales and net profits compared to non-network members. Clients were asked to estimate the impact of training on sales. On average, clients reported positive and very modest increases in sales. While a smaller percentage of CN members reported a sales impact than other firms, the magnitude of the sales impact was higher for network members compared to others and the difference in additional revenues between the two groups was found to be statistically significant.

Note on evaluation of competitiveness initiatives

To date, little has been done to capture and document the impact of cluster approaches to promote private-sector development and competitiveness, especially in the context of developing countries. The Interim Assessment of The Competitiveness Initiative (TCI) Project in Sri Lanka provides one example and approach in addressing the viability of the cluster approach as a form of aid intervention to promote economic development.⁴⁴ The project is one of the earliest USAID-funded projects to pursue the cluster approach in promoting productivity, competitiveness and private sector development. Since 1999, eight cluster groups have been organized and supported by TCI. The cluster groups include rubber, tea, tourism, spices, gems and jewelry (G&J), coir, ceramics and information and communication technology (ICT). The study defines “economic impact” as the expected net present value of additional incomes generated directly by the TCI cluster initiatives and uses cost-benefit analysis to assess the impact of the project. The analysis focuses on initiatives and impacts that are (1) highly likely to produce results, (2) clearly attributable to the project, and (3) quantifiable with currently available data (e.g. information provided through various sources such as cluster coordinators and members, strategy documents, road maps, business plans, feasibility studies and other data compiled on the project).⁴⁵

The methodology used is a mixture of measurement and judgment.⁴⁶ The study provides a lower bound on the economic impact of TCI cluster initiatives by adopting a static approach, relying on conservative parameter values, limiting the analysis to direct benefits and excluding inter-industry linkages and multiplier effects. The resulting impact estimate is then set against project costs, giving a lower bound benefit-cost ratio for the overall portfolio of TCI cluster initiatives.

From among various cluster activities undertaken by the project, fourteen were considered to have a high probability of realization, clear attribution to TCI and potential for quantification. However, because of data constraints, only eight were evaluated in detail in this study. These initiatives included expanding the natural rubber supplies (Moneragala Program), upgrading

⁴⁴ Please refer to *Interim Assessment of the Economic Impact of Cluster Initiatives: The Competitiveness Initiative Project*. Nathan Associates Inc. November 2003 (Edited for distribution January 2004).

⁴⁵ *Interim Assessment of the Economic Impact of Cluster Initiatives: The Competitiveness Initiative Project*. Nathan Associates Inc. November 2003 (Edited for distribution January 2004), p.3.

⁴⁶ The analysis is based on information compiled during field interviews in Colombo in November 2003, review of TCI documents, and data and information provided by Andrew Warner and Maureen Harrington, *Monitoring and Evaluation Report: The Competitiveness Initiative*, J.E. Austin Associates, April 2003.

crepe rubber exports (Lankaprene), upgrading gemstone quality (Gemlab) and energy cost savings for the ceramics industry, which were expected to produce large benefits as well as four other activities (Ecolodge, upgrading the market for coir, tea color separator and Ceylon sapphire branding) which yielded smaller quantifiable benefits. The report states that a number of other activities undertaken by the project such as the tea notes initiative, Lalan rubber supply consolidation, the pilot project for village-level quality upgrade for spice, high-yielding cardamom initiative and web portals for the gem and jewelry and ceramics clusters are also among project activities that are likely going to produce benefits to the economy; and even though data constraints did not allow evaluation of these initiatives at the time of the study, it may be possible to estimate their impacts at a later date. The study concludes that cluster initiatives are expected to yield an aggregate benefit of \$69 million (after discounting for possible delays in implementation and the possibility that similar outcomes could have arisen through other channels). This lower-bound estimate of the economic impact gives a cost benefit ratio of 10 to 1 for the overall portfolio of TCI cluster initiatives. Out of the eight activities analyzed in detail, two are expected to produce benefits of more than \$25 million, and two others are expected to yield more than \$1 million each. Three initiatives are likely to have smaller yields, and one, which is pursued with a subsidy⁴⁷, has a negative yield in terms of quantifiable impacts.

The report provides a number of recommendations for monitoring the impact of the project in the future. These include (1) further work to refine impact estimates through consultation with resource persons outside TCI and based on feedback from cluster coordinators, (2) broadening the estimates to include initiatives that satisfy the screening criteria but were not evaluated due to data and time constraints, and (3) documenting the success stories through case studies that describe and discuss the role of cluster process and the initiative's characteristics, the key factors underpinning the result, the role of technical assistance and lessons for enhancing the effectiveness of other competitiveness projects.⁴⁸ Consistent with other documents that address the question of impact of the cluster approach, the report emphasizes that these initiatives require time to produce results as it takes time for clusters to gel as effective organizations, to agree on strategic initiatives, and to get activities off the ground. TCI experience does not seem to suggest any clear lessons about which types of cluster activities are most likely to succeed, as a range of reasons seem to explain why these initiatives are yielding measurable impacts including joint procurement to reduce input costs, development of new markets, upgrading value in existing markets, introduction of new technology, joint investment, expansion of supplies, improvement in the quality of supplies and supply chain integration. Given the range of reasons, the report argues that pursuing a portfolio of activities makes the most sense. The study also notes the importance of supportive government agencies in ensuring the success of cluster approach. In the case of TCI, the cluster initiatives benefited from strong and committed leadership from the government. According to the author, this observation has two important implications for

⁴⁷ The initiative aims to help the gem and jewelry industry to penetrate high-value international markets.

⁴⁸ *Ibid.*, p. 11.

competitiveness projects in general. First, the cluster initiatives are likely to be much less successful in countries where the policy environment is not conducive to private sector development and policymakers are less committed to supporting these initiatives. In addition, packaging policy-level support with industry-level support may leverage the benefits of both forms of assistance in countries where government is committed to supporting the private sector.⁴⁹

The report also notes that the role of the project extended far beyond convening industry groups. The technical assistance provided through the project was essential and instrumental as a catalyst for new ideas, a challenge to conventional thinking, a glue to hold the group together, a spotlight on innovation opportunities and an impetus to action. At the same time, the cluster approach enhanced the impact of the technical assistance by supplying ideas, marketing arrangements and technical information to a number of companies at once. In closing, the author states that despite positive findings of the report on the impact of TCI, he remains a skeptic about the cluster approach to economic development due to the general paucity of data on the economic impact of cluster initiatives and suggests that in order to remedy the lack of data and resolve the arguments about the effectiveness of competitiveness projects, procedures to monitor the economic impact should be incorporated in every competitiveness project.

⁴⁹ Ibid., pp. 20-21.

Summary of findings from James Fox's study of competitiveness promotion initiatives in Colombia and El Salvador

Country/project/donor

COLOMBIA AND EL SALVADOR

Competitiveness Promotion

Inter-American Development Bank

Implementing organization(s)

Governments of Colombia and El Salvador and their private sector partners

Type of project

Cluster development

Project goals and objectives

To promote the concept of competitiveness through public-private partnerships as a microeconomic tool for promotion of productivity growth.

Targeted sectors or enterprise types

Industry clusters

Key industry clusters examined were plastics, cut flowers, leather, coffee, apparel and textiles, and sugar in Colombia and coffee, ornamental plants, information technology, fisheries, agribusiness, apiculture (honey products), and metalworking in El Salvador.

Evaluation report (Title, Author, Date)

Report on Competitiveness Promotion in Colombia and El Salvador, James W. Fox, Louis Berger Group, Inc., July 2003.

Type of study (e.g., program evaluation, impact assessment, synthesis study; internal, external, or mixed; interim or final evaluation)

Case studies

External

Evaluation objectives: (e.g., purpose, key questions, audience)

The study provides an analysis of the existing information base on the concept of competitiveness, as a microeconomic tool for promotion of productivity growth. It draws upon the available literature and field visits to Colombia and El Salvador to explore the experience in this emerging area.

Evaluation methods: (data collection methods -- survey, case studies, individual interviews, focus group discussions; basis for establishing counterfactual -- before/after, comparison groups, control groups; etc.)

Literature review, field visits and interviews with 35-40 leaders from business, government, and academia.

Key findings

The study examines public-private sector partnerships in Colombia and El Salvador in promoting competitiveness in a number of key industries. The key industries examined were plastics, cut flowers, leather, coffee, apparel and textiles, and sugar in Colombia and coffee, ornamental plants, Information technology, fisheries, agribusiness, apiculture (honey products) and metalworking in El Salvador.

The study finds competitiveness to be a very useful concept. However, it argues that it is not a panacea or an approach that will yield short-term or medium-term results at the macro level in terms of increases in exports. The ideas that better communication among firms along the value chain, or “moving up the value chain” to more profitable niches, will yield rapid results were not substantiated by any of the interviews carried out for this study. Yet, the two country cases show it to be helpful in stimulating re-thinking by business firms, government and academic institutions of their mental models, of the competitive process at work in the world and of the preferences of potential buyers of their products in a way that is likely to generate long-term benefits that would otherwise not be obtained. The Colombian and El Salvadorian competitiveness programs have clearly been “pushing in the right direction.” Cluster-level results are likely to become evident in the longer-term and lack of evidence in terms of increases in the exports in the short or medium term does not necessarily show failure.

Evaluation recommended a number of approaches for donor agencies: provide modest financial support to increase the number of professional staff that are involved in supporting these efforts as this will expand activities in this area, provide matching grants to support collective action in “sunrise” industries with cost-sharing by cluster participants, support conferences, seminars and studies to increase the knowledge about cluster issues, support the transformation of business

associations into organizations that provide productivity-increasing services to their members and most importantly, provide firm-level support to leading enterprises that are committed to revising their business models to compete more effectively in a sustainable manner in world markets. Evidence from the two case studies suggests that most immediate successes from competitiveness promotion come at the level of the individual firm, not the cluster. Matching grants may be important for cluster development if directed to individual firms if these firms support pioneering ventures, there is a substantial contribution by the firm to the effort and the granting organization is highly selective based on technical criteria. Finally, donors should establish a set of principles for good practice and help disseminate and improve these best practices. Broader recommendations of the report include promotion of trade liberalization, general promotion of good economic policies, infrastructure finance and education reform.

In terms of monitoring the success or failure of these initiatives the study finds that without baseline data and clear definitions of what is to be included within the cluster whose progress is being monitored, there is no meaningful way to draw conclusions about success or failure. In both cases early positive results have come from individual firms reorienting their strategy and operations. However, since many other factors might have contributed to these changes, it is not possible to establish causality between changed attitudes and the competitiveness programs.

The study also reviews the Global Competitiveness Report (GCR), the indicators used in measuring the ranking of countries and the effectiveness of their competitiveness programs. It finds that the GCR tracks 188 variables. A selected subset of them (81 variables)-those most susceptible to improvement in the near term through government action – are used to measure progress in competitiveness projects.

The author argues that in principle quantitative indicators, especially the increase in real value added which summarizes the change in incomes of people in the country as a result of the activity, are the most desirable means for measuring progress during implementation of a competitiveness project and capturing impact. The change in a country's exports is usually a reasonable proxy and can suggest real progress if value-added statistics are not available. However, it has serious limitations. If the import content of different export products varies widely, the domestic impact or value added will consequently vary. In addition, export values may vary in the short term because of exogenous factors in external markets. Export statistics, however, have the advantage that they generally reflect valuations at world prices. In sectors where domestic production is shielded from world prices by high tariffs or other barriers, changes in value added may be misleading because of the price distortions.

Another issue raised in the report is that the nature of cluster groupings – relatively loose arrangements among a diverse group – raises the question of whose value added or exports are to be counted. If only cluster members are to be included, shifting membership over time will create problems for tracking performance even where baseline data has been collected. When (as

is the usual case) a sector association is a member of a cluster grouping, should the exports or value added of all the members be counted regardless of their degree of involvement? In sum, there are many issues that need further thought and examination in this area.

In terms of other indicators that might be used, the author suggests that firm-level productivity is another possibility, if appropriate baseline measures are obtained at the outset. However, the complexity of the typical firm's product mix is likely to make cluster-level estimates of productivity hard to obtain. Any change in each firm's product mix is likely to change measured productivity, and aggregation of productivity across the members of a cluster in a way that will identify real changes in productivity in the sector is likely to prove impossible.

Proxies for the extent of private-sector leadership, such as willingness to commit resources, or one of the various recent attempts to measure the extent of social capital, may be other useful indicators.

The author suggests that periodic surveys of cluster members may be a useful tool for tracking performance of cluster promotion activities. Participants, and some non-participants, could be queried periodically about reasons for participation or non-participation, what benefits they perceive from cluster activities, whether such activities are meeting their expectations and the extent to which the cluster work is associated with productivity increases in their firms. Measurement of changes in social capital might also be attempted on an experimental basis.

Periodic external evaluations may be another alternative for measurement of progress. The 2003 evaluation of the Colombia cluster program, supported by CAF, was of great importance in providing the information necessary to identify weaknesses in the program.

Over the long term (10-20 years), both exports and ranking by the GCR should provide reasonable measures of success or failure. Measures of success at the cluster level, such as exports or productivity, could be useful over the longer term if appropriate baseline data are collected. However, changes in the composition of cluster membership over time could make interpretation of data difficult. Did the overall outcome result from cluster activity or from factors irrelevant to the cluster work? Moreover, such data collection can be costly, so the likely benefits of such efforts need to be weighed against the costs.

Finally the author states that changes in "mental models," or understanding of the world competitive environment, are an important effect of competitiveness projects. Unless such attitudinal changes can be measured, measures of impact will tend to understate the benefits of such activities. At present, the tools for such comparisons are currently very crude.

Differences Between Performance Monitoring and Impact Assessment⁵⁰

	PERFORMANCE MONITORING	IMPACT ASSESSMENT
Purpose	<p>Seeks to ‘<i>improve</i>’ impact by:</p> <ul style="list-style-type: none"> tracking program activities up to the point of BDS service delivery to determine progress and/or constraints towards the achievement of immediate project objectives and ‘milestones’ – often related to the outreach and effectiveness of BDS promoting organizational learning to improve project performance 	<p>Seeks to ‘<i>prove</i>’ impact by:</p> <ul style="list-style-type: none"> making a case that the program contributed to higher level program objectives establishing plausible association (causal link) between changes identified and project activities. <p>Seeks to ‘<i>improve</i>’ impact through:</p> <ul style="list-style-type: none"> a better understanding of impact chains and the causal links between project activities and higher level objectives; a better understanding of mediating processes that influence impacts.
Audience	<p>Project managers BDS facilitators and providers involved in the project USAID/Kenya project officers and PMP team USAID/Washington Other stakeholders</p>	<p>Project managers BDS facilitators and providers involved in project BDS facilitators and providers beyond the project USAID/Kenya program office USAID/Washington microenterprise office</p>

⁵⁰ Snodgrass, Donald and Jennefer Sebstad, *Recommendations for performance monitoring and impact assessment for USAID/Kenya Subsector Development Programs*. Action for Enterprise, April 2003. Annex 6.

		<p>USAID senior management</p> <p>Others donors</p> <p>Other BDS market development promoters and advocates</p> <p>Policy decision makers</p> <p>Academics</p>
Methods	<p>Sub sector analysis (to feed into baseline monitoring data on BDS providers and users)</p> <p>MIS to track and report on activities, outputs, and indicators immediate outcomes or effects</p> <p>Client satisfaction surveys</p>	<p>Quasi experimental methods (for MSE and household level impacts)</p> <p>Before/after methods (for BDS market development indicators)</p> <p>Case studies</p> <p>Focus group discussions</p> <p>Key informant interviews</p>