Response to the

BASELINE STUDY AND RECOMMENDATIONS FOR MEL FRAMEWORK

PUM, October 2023

Background of the study

PUM's activities are embedded in a wider Sustainable Development Goal (SDG)-8 Programme. With SDG-8 explicitly referring to Decent Work & Economic Growth, PUM's activities focus on promoting sustainable and inclusive development and growth of Small and Medium-sized Enterprises (SMEs) in developing countries and emerging markets. PUM seeks to create this impact both directly, through its Dutch senior volunteer experts, and indirectly, through services to employer organisations and other business member organisations (BMOs) and business support organisations (BSOs). These activities impact three dimensions of 'systemic' change that PUM is envisioning, including better societies, better functioning markets, and better governance.

Stichting PUM Netherlands Senior Experts (PUM) commissioned SEO Amsterdam Economics (SEO) to conduct a baseline study and provide recommendations for an improved Theory of Change (ToC) and Monitoring, Evaluation and Learning (MEL) framework. In its approved subsidy proposal for 2023-2030, PUM proposes to focus on a 'systemic' approach aimed at achieving impact at the ecosystem level. Therefore, the aim of this assignment was to further align PUM's ToC and MEL framework with this new goal to support vibrant business ecosystems.

The report has been approved by the MoFA/DDE and PUM, after advice provided by a reference group, with participants of MoFA/DDE, MoFA/IOB, ECDPM and PUM. The reference group provided guidance to the consultants throughout the assignment period.

Objectives of the study

1. Execute a baseline measurement, to enable PUM to establish Key Performance Indicators (KPIs) and set targets to report to MFA;

2. Provide actionable recommendations to improve the ToC;

3. Provide actionable recommendations to improve the overall MEL framework.

Findings and recommendations

1. **'Systemic' approach aimed at achieving impact at the ecosystem level.**
   a. As part of this assignment SEO, jointly with PUM, reconstructed its ToC. In essence, the new ToC reflects how PUM achieves systemic impact on enterprises and their employees by helping to mature entrepreneurial ecosystems. This is achieved by either completing the ecosystem or enhancing key aspects of the ecosystem and by making the actors in the ecosystem more collaborative. To this end PUM will either join other local and international actors or initiate itself a coalition of actors to comprehensively address the noted challenges in the ecosystem.
   b. Organisational recommendations:
      i. PUM's new mission requires significant organisational changes, including staff and volunteer development, programme management. Therefore, PUM should take measures to ensure that staff and volunteers have or acquire sufficient experience, diverse skills, and programme management expertise.
      ii. Deploy a small group of staff initially to identify and design new ecosystem programmes, collaborating with country teams to create pilot programs. The increase in collaboration will generate a flow of ecosystem opportunities through the staff engagement
      iii. To address critical aspects in future ecosystems programs, enlarge volunteer basis with expertise from sectors such as financial and policy
      iv. Develop structural partnerships with international non-governmental organisations on private sector development to secure fundings and amplify PUM's impact in ecosystem programs.
      v. Focus on and play a larger role in smaller ecosystem programmes where its business expertise and volunteer base can make a pivotal impact. Rather than pursuing larger, more abstract programs that require significant resources where PUM's role would be relatively small.

2. **New MEL framework**.
   a. The research team first analysed PUM's existing MEL framework. Next the team developed PUM's indicator framework, using the indicators included in PUM's subsidy proposal as a starting point and supplemented it by indicators necessary to cover the revised ToC. In additional to the full list of proposed indicators, the developed MEL framework includes baseline values, suggestions for target setting and data collection methods for each indicator.
   b. MEL framework recommendations:
      i. Collect baseline values related to the implementation of economic, inclusive, and green practices to measure the extent of PUM's contribution to introducing new practices in SMEs or organisations.
      ii. At ecosystem level, develop more indicators, including the number of ecosystem projects and programmes started, implemented, completed, and stopped, as well as the number and percentage of projects with 'ecosystem potential' and consider introducing economic/inclusive/green labels for ecosystem programmes.
      iii. Establish a clear procedure for approving ecosystem programmes and assigning projects with economic/inclusive/green labels, including defining an entrepreneurial ecosystem and determining the decision-making authority within PUM for these processes.

iv. Decide within PUM which indicators will be used for (a) internal steering; (b) external reporting to MFA; and (c) external communication.

v. Develop a "dashboard" in the MEL system for planned, approved, active, and completed ecosystem programmes, providing key impact, resource, and progress information, as well as assessing the health of the pipeline for future programmes to aid in learning and assessment of successes and bottlenecks.

vi. Enable volunteers and staff to assess the impact of working more systemically by regularly presenting and disseminating MEL system results, combining quantitative data and qualitative stories to build a sense of achievement and motivation for further systemic work.

vii. Change the current incentive system for both paid staff and volunteers to align with the goal of working in a systemic fashion, rewarding them for identifying, designing, and implementing ecosystem programmes.

viii. To enhance internal communication and learning, develop dashboards that provide a sense of how individual efforts contribute to the overall impact, and creating a common vision and motivation for staff.

PUM's response to report and recommendations

PUM welcomes the reconstructed Theory of Change as well as the adapted MEL framework presented in the baseline report, which the research team developed in close collaboration with PUM. The TOC reflects the choice of PUM, to coordinate activities with various clients under an ecosystem to realise sustainable impact by replication, collaboration, and cross-fertilization. An entrepreneurial ecosystem refers to the environment that fosters and supports the growth and success of entrepreneurship within a particular region, industry or value chain in a country. It includes various stakeholders such as entrepreneurs (for PUM mainly SMEs), employers' and business support organisations, academic institutions, incubators and accelerators, investors, (local) government agencies, (local) NGOs, and service providers, among others.

PUM will add to its customary way of working a long-term commitment to strengthen the SME in a more structural and sustainable way, and will work on strengthening other companies and business support organisations in the ecosystem to create stronger horizontal relations or stronger supply chains. This will also contribute to a broader impact, since other SMEs in the ecosystem can benefit, even when PUM does not support them directly. PUM will not be directly managing big ecosystems, since this is not our competence. It is an evolution, not a revolution; a road, but not a new one. The new Theory of Change is reflecting this ambition, and PUM will be refining this Theory of Change, and making the assumptions explicit, as input for the MEL for the coming period.

Instead of creating a selected number of pilot programmes for ecosystems, the country teams have identified potential ecosystems in each of the 26 countries in the annual plan 2024, as a starting point for the further development of PUM's ecosystem approach. Management will establish a system for the monitoring and learning to assess what works and what not, and to develop the criteria for working in ecosystems. The Mid Term Review in 2026 will be used to evaluate the preliminary results of PUM's ecosystem approach, and to improve and adapt based on the findings.

Regarding the recommendations on the MEL framework, some steps have already been taken. The indicator list proposed in the report has been slightly adjusted, and the use of the indicators for internal steering, external reporting to MFA and external communication has been defined. Part of the indicators are collected through PUM's data system (Dynamics), and others are collected

through the PRIME survey. Starting in 2024, the projects will be labelled as inclusive and green in case PUM's support is contributing to implementing new practices for inclusion and environmental sustainability. The PRIME survey for 2023 has included the proposed questions on the implementation of economic, inclusive, and green practices. In 2024 the PRIME survey will be adjusted to increase the usefulness of the data collection for the clients, to improve the potential for measuring changes over time, and to increase the response rate and efficiency through a better alignment with Dynamics.

A dashboard for planned, approved, active, and completed ecosystem programmes, providing key impact, resource, and progress information, as well as assessing the health of the pipeline for future programmes to aid in learning and assessment of successes and bottlenecks is in place and will be further improved based on the above-mentioned adaptations. This will also be used to enable volunteers and staff to assess the impact of working more systemically by regularly presenting and disseminating MEL system results, combining quantitative data and qualitative stories to build a sense of achievement and motivation for further systemic work.

The baseline study mentions the policy dialogue as a critical element of an ecosystem programme, and as such it is envisioned in the theory of change. At the same time PUM will be involved in supporting social dialogue programmes that are not yet part of a PUM supported ecosystem. Therefore, we also need to focus our monitoring, evaluation and learning on PUM's support around improving a social dialogue

In summary, the report has provided PUM with very valuable insights and recommendations that will further guide, inspire and improve our support for sustainable development of local SMEs.