

# The Road To Real-Time Monitoring of PSD Programs: The Case of PRIME

## Using M&E for Measuring Impact

Over the past two decades, debates on aid effectiveness and the accompanying pressures on development budgets have increased the demand for development organisations to show results at impact level to validate their funding. This has been no different for the growing field of Private Sector Development (PSD), which aims to promote economic growth and reduce poverty by supporting private enterprises, either directly, through their membership organisations or by creating an enabling environment which promotes functioning, competitive markets.

While many PSD programmes have monitoring systems in place that collect information on outputs (e.g. number of companies trained), the donors of these PSD programmes ask for data on the impact of these programmes on sustainable and inclusive economic growth. The PSD programmes however have a constrained span of influence, where they have a big influence on outputs but only have a limited, contributory role to these sustainable development goals. More and better data on intermediate outcomes are needed, to provide the link between their activities and outputs, and the impact areas that concern donors and policy makers. Moreover, the monitoring systems have information on supported firms only, without a good comparison group of unsupported firms, which creates problems for reporting on net effects in firms: the extent to which the changes in the measured outcomes (sales, profit, exports, employment) can be directly linked to the PSD programme.

To provide more insights into the attributable impact of PSD programmes, a range of impact evaluation efforts have been initiated around the globe to strengthen the M&E systems of PSD programmes to provide credible estimates of development impact. A major Dutch initiative in this emerging field is the PRIME Partnership, a collaboration between impact evaluation researchers and two major Dutch PSD organisations: CBI and PUM. This paper reviews lessons learned and achieved results in this partnership and provides policy recommendations for integrating impact evaluation into monitoring systems of PSD programmes.

## The PRIME Partnership

This paper presents the experiences in the PRIME partnership between two Dutch PSD organisations (CBI, the Centre for the Promotion of Imports from Developing Countries and PUM, Netherlands Senior Experts) and two Dutch research institutes (Wageningen Economic Research and the Erasmus School of Economics). PRIME stands for 'Pioneering Real-time Impact Monitoring and Evaluation', bringing together the two objectives of the programme: (1) developing a rigorous impact monitoring and evaluation methodology and (2) delivering results that assist CBI and PUM policy and implementation.

The first objective of the PRIME partnership, developing the monitoring and evaluation methodology, consists of three components: a literature review, a quantitative survey, and a qualitative case study component. For the quantitative component, administrative data and yearly online surveys were used to assess the contribution of the support to changes in the firm's business practices. The qualitative case studies explored other factors and actors that contributed to the changes in the SMEs and reflected on the additionality of the support provided. The qualitative research took place in six countries in specific economic sectors.

**What is PRIME?** The Centre for the Promotion of Imports from Developing Countries (CBI), the Foundation Netherlands Senior Experts (PUM), Wageningen Economic Research and the Erasmus School of Economics (ESE) have developed a joint programme to pioneer impact evaluation methods of support to small and medium enterprises in developing countries. The PRIME programme is designed to develop an approach to data collection that tracks the effects of PUM and CBI while at the same time giving both organisations information to learn how they might increase effectiveness.

**How does PRIME use the M&E data?** Time-series datasets are constructed on key indicators of SME clients. This dataset are be used to describe and compare the effects of different modalities of support provided.

The second objective of the PRIME partnership - delivering results that can help policy design and programme implementation within CBI and PUM - is to be achieved through the analysis of the data collected and synthesising findings in appropriate research outputs. The final impact reports are to describe the results of the quantitative analysis of the administrative data and online survey as well as the comparative analysis, providing a synthesis of the qualitative case-study reports from each country.

## Approach

This paper is based on the analysis of 19 semi-structured interviews with researchers and policy-makers involved in the PRIME partnership, carried out in the period between 5 and 25 September 2017. The results of these interviews were validated and complemented in a workshop on 26 September 2017, with 15 participants from the PSD programmes and research institutes. A list of participants in the in-depth interviews and workshop can be found in Figure 1.

**Figure 1 : Participants of in-depth interviews and validation workshop**

	Organisation	Name	Interview	Workshop
1	Wageningen Economic Research	Fedes van Rijn	x	x
2	Wageningen Economic Research	Yuca Waarts	x	
3	Wageningen Economic Research	Haki Pamuk	x	x
4	Wageningen Economic Research	Giel Ton	x	x
5	Wageningen Economic Research	Ruerd Ruben	x	
6	ESE	Job Harms	x	x
7	ESE	Karen Maas	x	
8	PUM	Alex Meerkerk	x	
9	PUM	Martijn Ramaekers	x	x
10	PUM	Wilmy van Ulft	x	x
11	CBI	Kristine Ocon	x	
12	CBI	Liesbeth Hofs	x	x
13	CBI	Jan-Willem Oosterbroek	x	x
14	CBI	Dick de Man	x	
15	CBI	Cecille Fassaert		x
16	CBI	Wim van Heumen		x
17	CBI	Rebecca Groot		x
18	CBI	Yvonne Prince	x	x
18	PB*	Ruerd Ruben	x	
19	PB +AC	Jos Walenkamp	x	
20	AC**	Robert-Jan Scheer	x	
21	AC	Cesar Freund	x	

\* PB = Programme Board \*\* AC = Advisory Committee

## Strengths of the PRIME Partnership

From the in-depth interviews held among stakeholders involved in the PRIME partnership five major strengths could be identified in the collaboration process of PRIME:

### 1. Strengthening M&E capacity

Respondents indicated that the PRIME partnership has improved the monitoring & evaluation (M&E) capacity within CBI and PUM. It has taught staff of both organisations how to adjust their monitoring systems in ways that enable them to better measure their impact. Sharpening their Theories of Change helped to better define the different impact pathways of their organisations and associated outcome areas. It encouraged them to broaden their perspective on measuring results by going beyond the traditional focus on monitoring outputs by including more indicators at intermediate outcome level. The academic perspective of the researchers helped staff to think more critically about what to measure and how to organise data collection and data management in a way that assists them in producing robust results.

### 2. Increase of accountability

Many interviewees indicate that PRIME has contributed to increased donor accountability and trust. According to several respondents, the fact that CBI and PUM made serious work of strengthening their M&E systems through PRIME, has been greatly appreciated by the Ministry. One first example of this is the fact that the Minister of Foreign Affairs Lilianne Ploumen mentioned the PRIME programme extensively in her letter to parliament (dated 12-10-16) on the contribution of private sector programmes. Moreover, the external evaluation of PUM, which used the PRIME data, contributed to the continued funding of this organisation. Finally, the International Trade Centre showed interest in the PRIME partnership's modality of data collection on SME performance.

### 3. High academic standard

The different implementing organisations appreciate the academic quality of the PRIME partnership. Different respondents applauded the high level of academic debate in the partnership and the inclusion of well-known scientists in the Programme Board and Advisory Committee. Moreover, the high level of academic rigour was mentioned as an important factor in presenting reliable impact estimates to the donor.

### 4. Accessibility of information

Different respondents praised the effort of both CBI and PUM to open up their data bases with administrative monitoring information to the research team. This enabled the researchers to assist the organisations in improving the quality and accessibility of the data. The involvement of the PRIME researchers helped to address gaps in the monitoring system, where they were incomplete or not kept up to date. At CBI a major effort was done to digitise their intake forms to make them suitable for analysis.

### 5. Collaboration and exchange

The atmosphere of collaboration was generally perceived to be constructive, which contributed to mutual exchange of knowledge and interpretations. While several policy makers praised the knowledge they gathered on impact evaluation methodologies, different researchers expressed their enthusiasm about exploring the M&E practice of both organisations.

## Weaknesses of the PRIME Partnership

Based on the analysis of the in-depth interviews, five key weaknesses were most often mentioned:

### 1. Embedding in organisations

Many respondents indicated that the PRIME partnership was not embedded well enough in the work of both the staff and management of the PSD organisations. For example, in PUM the M&E staff was very much involved in PRIME, while many of the other staff in the organisation, such as knowledge managers, management accountants and proposal writers, were not. This reduced the ownership and the willingness to contribute of many of the other departments in the organisations. A similar situation took place in CBI, where programme managers responsible for collecting M&E data from their programmes, were insufficiently taken on board in the PRIME process. This reduced their willingness to contribute, as they had limited insights into the possible benefits of PRIME for their work.

### 2. Communication of results

Respondents from both CBI and PUM indicated that the communication of results was often too academic and did not sufficiently relate to the day-to-day practice of both organisations. Policy notes, newsletters and presentations were often more focused on methodology than on showing the applicability of the results for their organisations. Also, the results presented were perceived by some respondents to be somewhat meagre in relation to the amount of effort that was put into collecting the necessary data to produce them. Better expectation management would have helped to clarify when organisations could expect actionable outputs from the research.

### 3. Intensity of implementation

Different respondents from CBI and PUM indicated that the implementation of the PRIME research activities was too heavy a burden for some of their colleagues and partners in the field. Some of them wondered whether the workload and costs involved were proportional to the benefits of the research outputs, especially when it took long for them to receive the research results.

### 4. Frequency of interaction

Different respondents mentioned that the partnership could have benefited from more frequent interaction. While several meetings were planned each year for the Contact Group, Programme Board and Advisory Board, more frequent interaction between the researchers and the M&E staff could have increased the ownership and embeddedness of the PRIME activities in CBI and PUM. Sharing results on a more frequent basis could have benefited the level of engagement on both sides.

### 5. Continuity of staff

A wide spectrum of respondents indicated that the frequent changes of staff and management in almost all of the organisations involved had a serious influence on the quality of the collaboration. As the PRIME partnership is a very complex effort, important knowledge on previous decisions, ideas or activities often got lost in the transition from the one to the other. More frequent interaction and better transfer of knowledge on the partnership could have benefited the continuity within PRIME.

## Opportunities for the PRIME partnership

The in-depth interviews held among stakeholders involved in the PRIME partnership also provided insights into opportunities for further strengthening the partnership. Five major opportunities were identified by a large number of respondents:

### 1. Strengthen the link with reality in the organisations

To improve the embedding of the PRIME partnership in CBI and PUM, the respondents made several suggestions to better connect the research in the partnership to the everyday reality of CBI and PUM. One suggestion was for the researchers to align the research products better with the strategic focus of CBI and PUM in order to help them choose the most effective intervention strategy. In this context, it was also suggested to look into more detail how emerging themes such as gender and youth could be integrated in the data collection and analysis. Another suggestion to strengthen the applicability of PRIME research results was to not only involve the M&E staff, but also the programme managers, management accountants and proposal writers in the design of the data collection strategy.

### 2. Make bold choices in size partnership

Several respondents suggested to shorten the PRIME survey, by removing the questions about changes in knowledge, which seems to be an outcome area that had much overlap with the questions about changes in practices. Another suggestion was to further embed the PRIME data collection activities in the regular monitoring systems of both organisations, thereby reducing the problem of non-response and low effective sample size. For the development of similar programmes like PRIME in the future, respondents suggested to reduce the data collection to the online survey only.

### 3. More dynamic ways of interacting

While most interaction in the PRIME partnership occurred through formal meetings, phone and mail, different respondents indicated that the PRIME partnership could have benefited from more diverse forms of interaction between researchers and policy-makers. Many of them suggested that more frequent encounters or workshops could assist researchers and policy-makers to engage more in joint sense-making of the PRIME results. Others suggested that researchers and policy-makers could work alongside each other on PRIME in one of their offices to stimulate interaction and debate.

### 4. Draw broader lessons

Several respondents suggested PRIME could make more use of opportunities to share the lessons of the PRIME partnership. These lessons could be taken up by other PSD programmes in the Netherlands and outside. Respondents suggested drawing more lessons on the type of interventions that are shown to be effective. Others suggested to compare the lessons from the PRIME partnership with existing knowledge from other PSD programmes around the world.

### 5. Improved governance

Finally, many respondents indicated the governance model of the PRIME partnership could use some adjustments here and there. One suggestion was to have more continuity in the project management of the partnership. Others suggested a stronger role for the Ministry of Foreign Affairs in the collaboration, to steer and protect its implementation. For the development of similar programmes in the future, it was suggested to de-couple the PRIME partnership in a way such that the CBI and PUM activities would be evaluated in different entities.

## Threats for the PRIME partnership

Five key threats were identified by a large number of respondents:

### 1. Managing expectations

While the ambition of PRIME was to provide real-time monitoring and evaluation, this proved to be more difficult than expected. Many respondents indicate that more effort should have been made to share regular result updates from the start to ensure sufficient ownership at both PSD organisations. An impression shared by many respondents is that the PRIME partnership has not yet realised its full potential by showing how CBI and PUM contributed to increased exports and employment, and they look forward to the final analysis. Clear expectation management is needed on the type of net-impact estimates that would result from the PRIME partnership.

### 2. Accessibility of outputs

Respondents from the PSD organisations indicated that the technical nature of many of the outputs from the research often created some confusion. Some respondents mention feeling lost in details. There is a need to always make very clear how certain research results fit in the broader framework of the PRIME research framework. Visually attractive and simply written research products are needed to ensure CBI and PUM staff can apply the results of the research in their organisations.

### 3. Create ownership of staff

CBI and PUM M&E staff indicated that it was often a struggle to get the cooperation from their colleagues involved in the management of programmes. They indicate this is related with the limited embeddedness of PRIME, the high workload for some of these colleagues and the fact that it often took long for them to see any results of the work they had put in. Being visible on the work floor, while sharing regular result updates and actively involving different stakeholders within the PSD organisations, seems to be a prerequisite for creating ownership for the research activities.

### 4. Regular communication

The interviews show that there are many questions among CBI and PUM staff about the applicability of the research outputs, the timing of different deliverables and the degree to which PRIME can deliver on the promise of showing the contribution of CBI and PUM in the field. Regular communication efforts are needed to keep everyone in the loop on (changes in) planning and expected results.

### 5. Applicability of results

A major concern raised in multiple interviews was the limited applicability of the PRIME research outputs for the day-to-day work and strategic decisions of both organisations. Harvesting the challenges and important questions CBI and PUM are currently facing is needed to ensure a better match between the research analysis and the reality of both organisations.

## The PRIME Process: A SWOT Analysis

Summarising the strengths and weaknesses of the PRIME partnership on the one hand and the perceived opportunities and threats to the collaboration within PRIME on the other, enables us to create the following SWOT analysis:

**Figure 2: SWOT Analysis of the collaboration process in the PRIME Partnership**

Strengths	Weaknesses
Strengthening of capacity	Embedding in organisations
Increase of accountability	Communication of results
High academic standard	Intensity of implementation
Accessibility of information	Frequency of interaction
Collaboration and exchange	Continuity of staff
Opportunities	Threats
Strengthen link with reality organisations	Managing expectations
Making bold choices in size partnership	Accessibility of outputs
More dynamic ways of interacting	Create ownership of staff
Drawing broader lessons	Regular communication
Improved governance	Applicability of results

The previous sections have already shown that many of the elements in this SWOT analysis are closely related. A few examples of these interactions are given below:

- a) The low embeddedness of PRIME in CBI and PUM is much related with the limited frequency of interaction and barriers such as the continuity of staff.
- b) The perceived intensity of implementation seems to be the result of the low accessibility of outputs and limitations in communication of results.
- c) The limited applicability of results is partly the consequence from the limited accessibility of outputs and the lack of frequent interaction.

Overall, the limited availability of results in the early stage of PRIME have led to the limited accessibility of outputs and caused some concerns about the applicability of results. When more results become available, there will be more space for collaboration and exchange and dynamic ways of interacting, which could improve the link with the reality of CBI and PUM, enabling them to draw broader lessons from the results about their strategic focus in the future.

## Managing conflicting objectives

Connecting the world of development practice with the academic field of impact evaluation is a difficult process faced with many inherent tensions that need to be managed well to create optimal results. Five key tensions were most visible in the analysis of the in-depth interviews:

### 1. Short term vs long term

While the original ambition of the PRIME Partnership was to provide real-time monitoring and evaluation data, in practice it turned out to be more difficult than expected to produce regular outputs that met the day-to-day priorities of the PSD organisations. Investing in a set of fixed indicators for monitoring & evaluation sometimes limited the possibility for accommodating short-term learning demands. Also, using M&E data for impact evaluation requires a lot of investment at the start, while the results on impacts over time can only be established at a much later stage.

### 2. Academic vs practice

The collaboration showed that researchers and policy makers sometimes speak different languages, which need a certain amount of translation to be well understood. Finding a balance between a methodology that provides both useful results for PSD organisations while maintaining a sufficient level of academic rigour can sometimes be difficult. Also, the level of

detail required for a thorough academic analysis may result in a large burden for programme managers. Finally, creating research outputs that are easily understood and applicable by policy makers remains a challenge.

### **3. Learning vs accountability**

The interviews show that there are differences among stakeholders views on using monitoring data for impact evaluation. For some the main focus is on accountability towards the donor and showing the impact of the organisations. Others find the learning aspect of the partnership more important: getting insights into what works for whom and under which conditions, informing strategic questions on the type, number and size of companies organisations should focus on.

### **4. Monitoring vs evaluation**

The PRIME partnership has shown it is far from easy to adjust monitoring systems to make them useful for evaluation. While this ambition was partly achieved by embedding some impact indicators into existing monitoring systems, it was also necessary to collect key data through online surveys, parallel to the existing monitoring systems to enable impact evaluation. This process reflects the inherent tension between using data for monitoring and evaluation purposes.

### **5. Process vs results**

The analysis of the in-depth interviews also shows a tension between producing deliverables showing changes in firm performance, and the process of organising monitoring systems suitable for measuring attributable net-effects of PSD support. The degree to which impact can be measured on a regular basis highly depends on the flexibility of monitoring systems to accommodate measuring indicators on intermediate outcome level.

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## Conclusion

Overall, the PRIME partnership is considered a powerful tool to strengthen M&E capacity in PSD organisations while increasing the understanding of impact evaluation tools and theories of change. The first results of the PRIME partnership have provided input to reports and external evaluations, which helped to increase the accountability of PSD organisations towards their donors. The objective to produce a validated and tested methodology to measure impact of PSD programs in an accountable, near-time and effective way seems to be at least partially achieved.

On the other hand, the analysis in this paper also shows certain important limitations. First, the level of embeddedness and ownership of the PRIME research activities in the PSD organisations was sub-optimal. Second, the communication between researchers and policy makers could have benefited from more regular updates and meetings as well as more accessible research products that linked directly to strategic questions. Finally, the size of the partnership and its many components posed challenges for implementation, which could have been prevented by increasing ownership or downsizing research activities.

Based on the analysis in this report, a few key success factors can be formulated for partnerships that aim to integrate impact evaluation into the monitoring systems of PSD organisations:

1. It is essential for the researchers in the partnership to manage expectations throughout the partnership on when deliverables can be expected. Impact estimates cannot be made in the first years of data collection and methodological discussions will dominate, which could alienate staff from the PSD implementer side. Instead, researchers could present first results as preliminary or indicative, making very clear what is needed for them to become definitive.
2. Within these partnerships, there is a need for management in PSD organisations to create sufficient ownership among their operational and monitoring staff for changing the M&E system, inviting researchers to explain the benefits of this change for their staff.
3. It proves to be important to have a clear division of responsibilities between researchers and PSD organisation staff that are part of the partnership: who produces the data, who analyses the data and who translates analyses into practical findings for policy making.
4. Regular communication between researchers and PSD organisation staff is key in these kind of partnerships – frequent meetings, workshops and ‘sense-making’ sessions are needed to keep everyone engaged in the research process.
5. Researchers in the partnership should take care to make their research outputs not only attractive and easy-to-read, but also to align them with the day-to-day reality of the organisations using them. This also requires PSD organisation staff to keep researchers updated of important strategic and organisational changes.

We strongly believe that the approach developed and tested within the PRIME partnership provides more insights into the attributable impact of PSD programmes and strengthens M&E systems of PSD programmes to provide credible estimates of development impact. The lessons shared in this paper will enhance the partnerships that aim to implement similar approaches.

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