PRIME
Case Study Report

Bangladesh
ICT Sector



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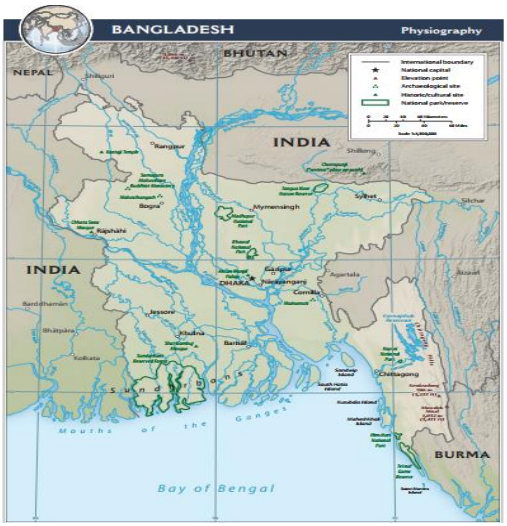
1 --PART A ---- THE INTERVENTION

1.1 Country dynamics

1.1.1 National economic dynamics

Bangladesh is the world's eighth-most populous country with a population of 160 million. An estimated 31.5% of the population lives below the poverty line (source: World Bank, 2010 estimate). This percentage has been steadily declining in recent decades. Bangladesh has a capitalist economy. In 2016, GDP/capita was $ 3,580.7 (source: World Bank).

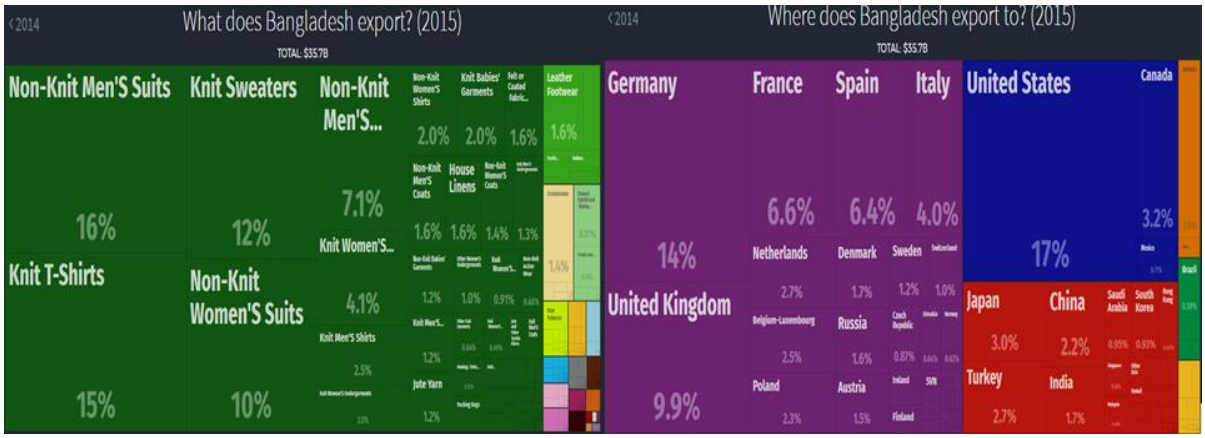
[1]Contribution to the GDP of three key sectors is as follows: 19% agriculture, 30% industry, 51% services. The largest service sector is the production of garment, which is also by far the largest export sector. Key destinations for export are Europe and the U.S, with Asia gaining share in recent years. Around 6% of exports were services, of which between 25-35% information technology exports. Europe is increasingly becoming Bangladesh' largest export destination.



1.1.2 Overall business environment

Bangladesh scores 178 out of 190 countries on the "Ease of Doing Business" ranking published by the World Bank every year[2]. One aspect of the business environment that has improved in recent years is the ease of starting up a new business. In contrast, in terms of factors such as reliable electricity, enforcement of contracts and cross-border trade Bangladesh is still lagging behind many of its regional neighbours.

Figure 2: Bangladesh exports products and destinations[3]



[1] Figure 1: Map of Bangladesh

[2] Source: World Bank, website: https://openknowledge.worldbank.org/handle/10986/25425

[3] This figure shows that Bangladesh main export is textile, and ITC products and services only comprise a very small part of overall exports. Source: MIT, website: http://atlas.media.mit.edu/en/visualize/tree_map/hs92/export/bgd/all/show/2015/

1.1.3 General business support organisations

There are various stakeholders in Bangladesh that are involved with the promotion of the SME sector. Firstly, there is the Ministry of Commerce, which implements a range of policies and activities relevant to the sector, including the provision of industry statistics, and a department focused specifically on the textile sector, which is by far the largest component of Bangladesh exports. Furthermore, there is the Bangladesh export promotion bureau, which focuses on providing information about exporters, quality control and lobbying and promotion of the Bangladesh export sector abroad.

In addition, the Ministry of Commerce has established the SME foundation, an apex organization aimed at various activities including "*implementation of SME Policy Strategies adopted by the Bangladesh Government, policy advocacy and intervention for the growth of SMEs, facilitating financial supports for SMEs, providing skill development and capacity building training, facilitating adaptation with appropriate technologies and access to ICT, (and) providing business support services*"[4]. Subsequently, the Bangladesh Central Bank has also been involved in promoting the SME sector, in particular in fostering an expansion of credit access[5]. Furthermore, the Asian Development Bank (a branch of the World Bank Group) has a range of investment programs in Bangladesh to promote the growth of the SME sector.

1.2 Context of the sector

1.2.1 Market dynamics

Although still small in absolute size, the IT service sector in Bangladesh has been growing rapidly in the past 20 years. The Bangladesh Association of Software and Information Services (BASIS) was established in 1997 with 17 members and has grown to 326 members in 2009. According to a recent BASIS study there are over 800 IT companies in Bangladesh as well as several hundred of unregistered and home-based software ventures. The sector employs over 30.000 people[6]. Internet penetration in Bangladesh has risen from 3% in 2009 to over 20% in 2012 (wiki). Around 5% of households have a computer and of these most have access to internet (World Bank ICT factbook). The Bangladesh government expects that the IT sector will add over 7% to GDP growth in 2021. Expenditures in the IT sector, such as computer hardware, software, networks systems, data processing systems and communications service, were estimated to be around 9% of GDP in 2008 (World Bank[7]).

[4] Source: http://www.smef.org.bd/v2/index.php?popup_anywhere_preview=true
[5] Source: https://www.bb.org.bd/openpdf.php
[6] Source: http://www.basis.org.bd/resource/About_Industry.pdf
[7] Source: http://www.tradingeconomics.com/bangladesh/information-and-communication-technology-expenditure-percent-of-gdp-wb-data.html

1.2.2 Sector policies and support programmes

The Bangladesh government and various international development agencies have recognized the growth potential in the Bangladesh IT-sector and have implemented policies and programs to support the development of the sector, notably:

- **The Bangladesh government** formulated an IT policy in 2009, consisting of measures including:
    - Local software and ICT companies are exempt from paying taxes
    - Subsidized long-term equity and short-term working capital facilities
    - Construction of hi-tech and software park to facilitate the development of ICT infrastructure

- **Bangladesh association of software and information services** (BASIS) is the sector organization which coordinates initiatives of the various key stakeholders. Its membership consists of circa 1200 IT firms. Furthermore, BASIS implements workshops, trainings and seminars to disseminate information to their membership.

- **CBI** launched its Bangladesh IT outsourcing services program in 2008. The current IT-sector support program started in 2013 and targets circa 10 SMEs in the IT-sector that have the potential to export their services to the European market. CBI support services include: (i) conducting a business audit and formulating a plan of action for participation in the program, (ii) provision of business development service, focused on topics such as accounting and human resources, (iii) EXPRO – a one-week seminar to gain knowledge and skills on how to access the EU market, (iv) networking and making deals with potential EU importers via trade fairs, conferences, road shows and other platforms.

- **ITC** provides support services to the IT sector in Bangladesh through the Netherlands Trust Fund (NTF) program, a four-year partnership agreement between ITC and CBI. This program targets circa 40 SMEs as well as sector organization such as BASIS (Bangladesh Association of Software and Information Services). The support services provided through this program include:
    - Matchmaking between IT firms in Bangladesh and European firms
    - Institutional support to sector organizations, including (i) market research capacity development and (ii) international promotion of the IT sector

- **PUM** provides two-week consulting missions to SMEs in the Bangladesh IT sector. In the period 2014-2016 PUM has implemented a total of 72 missions in Bangladesh in total. Up to June 2017, 17 firms in the IT sector received a mission. The support provided by PUM ranges from support in technical, managerial and marketing domains.

Fig. 3: Dhaka cityscape



- **The World Bank launched** its 'ICT growth, employment and governance' project in 2012. The project is expected to run until 2017 and is budgeted at $70 million. The first component of the project is supporting the development of the sector. This component consists of two sub-component:
    - Skills development at firm level, with activities such as: (i) IT training for science graduates, (ii) training for IT employees, e.g. about language and cultural sensitization, (iii) management skills for IT firm directors and managers

1.2.2 Sectoral business support organisations

BASIS (Bangladesh Association of Software and Information Services) is the main stakeholder in the IT-sector. BASIS provides a range of services to its membership, which includes over 600 members, including workshops and general trainings about business development and strategy, targeted trainigns about technical topics specific to the IT-sector (such as knowledge building in specific programming languages), lobbying for the sector with various international donors and stakeholders, supervising firms in international trade fairs, hosting events to for IT students – for exampling linking them to firms. In addition, BASIS works together with the International Trade Centre (ITC) and CBI in the support of firms in the respective programs of these organizations (discussed below) and activities to promote the attractiveness of the IT-sector internationally.

1.3 Characteristics of CBI and PUM support

1.3.1 Support program/activities

CBI

CBI is currently supporting 10 IT firms in in Bangladesh under its export coaching programme that started in 2013. Initially more companies participated in the program, but several dropped out over the years of the program. Most of the companies in this program have also participated in the Netherlands Trust Fund II program of the International Trade

Centre, a CBI funded program aiming to build export capacity of SMEs and the sector association[8]. These firms have between 30-300 employees.

Most firms were already exporting at the beginning of the program. The fraction of total revenues derived from exports varied substantially between firms. In its activities in the IT sector, CBI works closely with the International Trade Centre (ITC), which currently implements the NTF-III program in the Bangladesh IT sector. This program targets 40 SMEs in the sector and runs from 2014-2017. Most of the firms in the current CBI export coaching program are also participants in the NTF III programme and the two programs both target SMEs with a strong capacity for export. Since the first field mission for this case study in 2015 most CBI support was direct business support where the consultant would visit each individual company to consult them on which steps they should take next. Only at the beginning of the program general trainings have been given to write an export marketing plan.

PUM

As for PUM, in the period 2014-16 PUM has implemented total of 72 missions to SMEs in Bangladesh, of which 26 in the "business support and management" sub-sector, of which firms active in IT-related are part. The SMEs it supported have between 30-150 employees, i.e. slightly smaller than the typical firm supported by CBI/ITC. Some of these PUM clients were already/are currently exporting; some however are more focused on the domestic market. PUM support – typically in the form of 1-2 week consulting tracks – differs from CBI in that it provides more tailored advice to the specific challenges that firms are facing. Oftentimes, these specific challenges are not exactly clear during the start of the consultants' missions. As such, consultants' support in identifying what exactly are the key challenges and constraints to the SME constitutes an integral part of the PUM approach, in addition to the subsequent addressing of these challenges through advice about technical, logistical, managerial and/or general business matters.

Figure 4: activities at IT-firm in Bangladesh



[8] http://www.cbi.eu/About%20CBI/countries/Bangladesh/149

1.3.2 Intervention logic

To analyse the effects of CBI and PUM support in the IT sector, we refined the general intervention logic (changes in knowledge – changes in business practices – change in business performance – development impact) in more concrete outcomes (see Figure 4). In the intervention logic, the CBI and PUM support is summarised in two main pathways that ultimately result in sector-improvements: (i) direct support to firms in the form of advisory services and trainings and (ii) indirect support via sector-level organizations, the so-called "business support organizations" (BSOs).

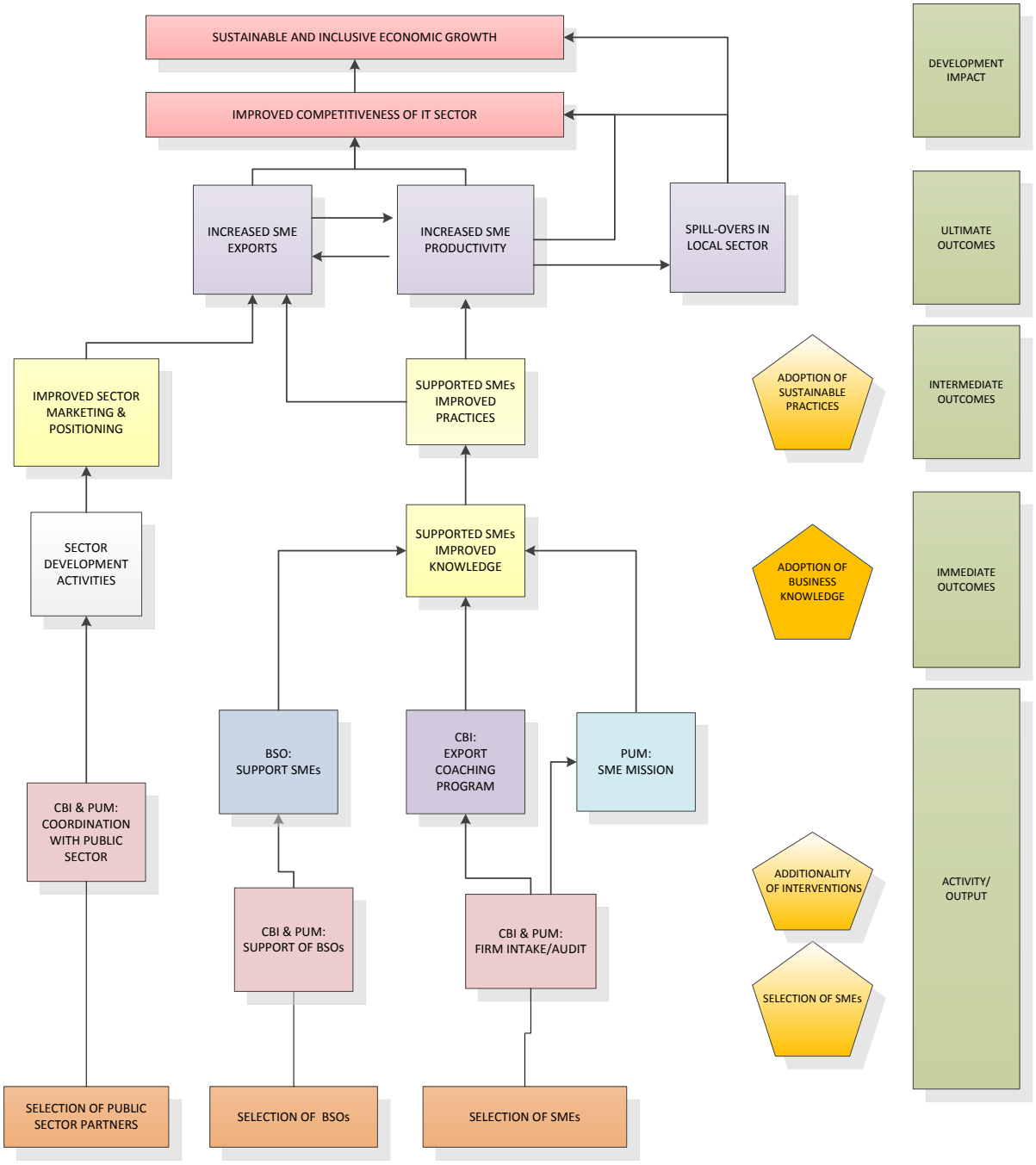
i) First of all, the CBI modules are expected to help firms in the development and implementation of a firm specific Export-Marketing Plan (EMP), which in turn should promote the firm's exports. For the PUM context, the expert missions are expected to build capacity within the supported firms, through a diverse set of topics that can be addressed, such as technical issues, marketing and management.

ii) Secondly, the various types of support to BSOs, such as BASIS, (such as to the stakeholder platforms) should eventually result in an increased volume, and quality of end-products. This should directly result in an increased awareness of Bangladesh as a competitive exporter of IT products and services. Combined with the increased competitiveness of competent exporters this should ultimately result increased export competiveness of the Bangladeshi IT sector ultimately sustainable an inclusive growth.

In the intervention logic the PUM support is mainly concentrated in the pathway on the right side: from the expert support mission to an improved IT sector at the ultimate outcome level. Once a firm is linked to PUM, a firm defines the needs or problems to be solved. The firm is than matched to the right expert. At the immediate outcome level this should result in the support of the right person, at least the owner or manager, in the firm at the right time, and by the right expert.

At the intermediate outcome level, the CBI intervention is expected to result in an increase in the number of competent exporters in the IT sector, in terms of quality and quantity. Combined with other ultimate outcomes this should result in increased (export) competiveness of the IT sector in Bangladesh and ultimately sustainable and inclusive growth. For the PUM context, the expected intermediate effect is improved business practices, such as the adoption of new marketing strategies or a more efficient production process. It is important to note that such knowledge gains can also spill-over to non-supported firms. This is true for PUM as well as CBI support.

Figure 5: Intervention Logic of the support in the Bangladesh IT sector.



1.3.3 Key assumptions

The intervention logic of CBI's and PUM's activities in the IT sector in Bangladesh provided several focus areas for this case study, and assumptions to be tested. Firstly, a key assumption in the intervention logic is that the interventions contribute to improved business knowledge and practices at the level of SMEs. For the IT sector, the role of business knowledge and practices with respect to the sales process to and cultural interactions with EU markets were specific focus points. To make successful sales trust between the buyer

and the IT company is important, as well as appropriate and timely communication. Furthermore, firms' understanding of appropriate staffing decisions and trends in the international market were closely related areas of particular interest for this case study.

Secondly, the intervention logic also implies that the direct SME support components of the CBI and PUM programs contribute to business knowledge and practices in various other manners, for example by transfer of technical expertise or helping obtaining funding which is crucial to business growth. Therefore, this case study aims to shed light on *whether and how* the CBI and PUM support exactly achieved this objective. It is to be noted here that the focus on this pathway differs for CBI and PUM, whereas in the former case the trainings and individual advice are more geared towards enabling firms to enter international markets, the PUM support is more diverse in terms of its focus, ranging from marketing to technical to financial guidance.

Thirdly, the efficiency with which the intervention is implemented strongly influences the beneficiaries' possibility to learn and implement the learnings of the program. The learning goals should be feasible and the beneficiaries should receive sufficient support in solving more practical issues.

Fourthly, the intervention logic is also implying that the programs are implemented within a broader context of national and sectoral economic conditions, policy environment and market conditions. In this light, the case study focuses on how these contextual factors, such as the access to finance and complementarity to the broader policy environment, shape the effectiveness of the interventions. The assumption is that the services are complimentary to the already existing consultancy services in the IT sector.

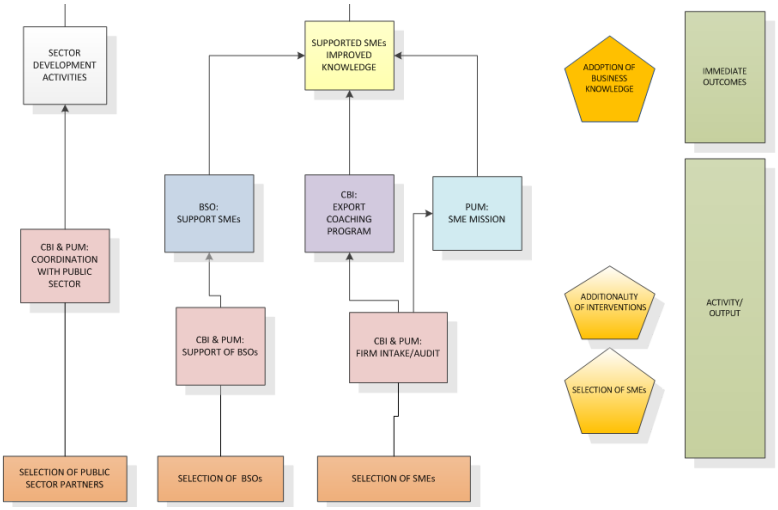
Lastly, the development towards more product-based rather than service-based business models is a key challenge for many firms in the IT-sector in Bangladesh. The case missions, in particular, the second mission, aimed to shed more light on this topic, and to understand how the PUM and CBI interventions were helping firms make this transition. Another focus point was the topic of knowledge spillovers. Given the fact that the IT-sector is highly knowledge-intensive, and turnover of employees within and between companies is substantial, this raises interesting questions about how the knowledge and skills provided by PUM and CBI were disseminating.

Finally, given the digital nature of the services and products offered by the IT-sector another interesting focus point was how companies made their decisions as to which export markets they focused on. In this respect, this case study differs from the other case studies which focus either on tangible products and commodities (coffee, fishery, etc.) or services that cannot easily be exported (tourism).

2---PART B ---- THE EFFECTS

2.1 Intended effects

2.1.1 Immediate outcomes (knowledge)



CBI and PUM have a direct influence on the knowledge outcomes of the companies that they support. Knowledge outcomes are outcomes that help firms understand which changes they will need to implement in order to start exporting or grow their exports.

CBI

Companies were aware of the markets they had opportunities in for their business. Many CBI firms spoke about the cultural knowledge and sensitivity they gained through the training, and how they used this knowledge in their selection of markets. One firm indicated that they were better able to work with Scandinavian than German buyers, because of linguistic and cultural barriers they faced in German markets. This is one domain where the CBI intervention could contribute:

"Cultural knowledge of Denmark, Netherlands, UK and Germany was very important for us. We did not know the culture of these countries or how culturally different they were. Also, we know what Europeans look for when working with a company. For example, they value ISO certification, and office appearance is important, too. And for the German market you should speak German."

Several CBI-supported firms indicated that they benefited much from understanding their own weaknesses and strengths and what this would mean for their market position and best export strategy. Companies also were more aware of what might give them an advantage over their competitors, and how to choose between quantity and quality of their assignments. About CBI's trainings about marketing and market exploration:

"CBI provides capacity building for market exploration. They helped us to focus and build up very specific skills. They help you with where to focus on, make decisions, decide what is needed and help you to realize that."

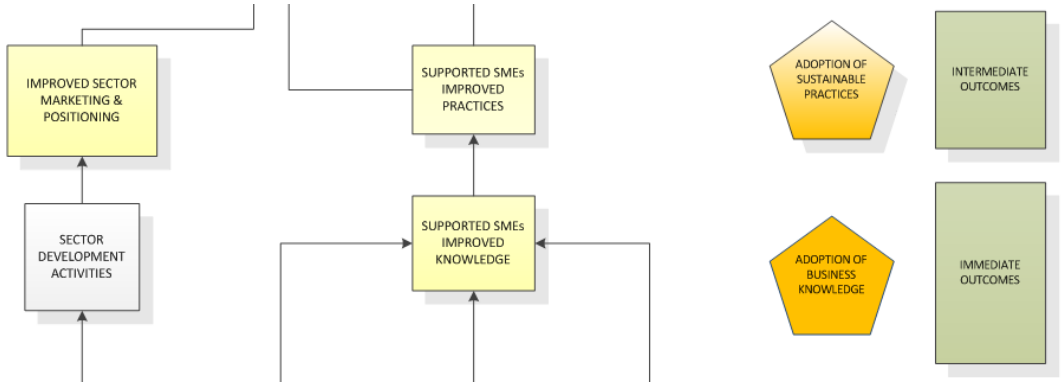
One firm indicated that CBI's Export Marketing Plan (EMP) training helped them become more aware of their own knowledge- and skill-gaps, which subsequently motivated them to acquire new knowledge and skills:
"EMP training made me aware that I lack business skills. I bought a business management book. I believe different skills are needed at different times. CBI is useful for a gap analysis: which areas do still deserve our attention."

It was indicated by some firms that they shared knowledge with other participants in the CBI program:
"We learn from peers in programme. In terms of branding and how to find customers, help each other in matchmaking. We also work together when we have a lot of work so that we do not have to recruit staff to do just one project.

PUM
A PUM-supported firm indicated that they benefited a lot from the expert, partly because he trained all their relevant employees for a week. This way the message came across to employees clearly.
"After we worked on a business plan with our expert, it was time to focus on sales in his next visit. Although we implemented parts of the business plan by then, we needed to lift our whole team to the next level. He gave workshops for a week about how to do that. He trained 16 people, one group in the morning and one in the afternoon."

Another PUM-supported firm indicated he learned more about understanding how business negotiations work and why doing sales right is as important as having good technical knowledge.*"[The expert] helped me formulating our business strategy. I learned that how we approach our clients matters. That focus is important in sales, and I learned a lot about how to do business negotiations to create more revenue without increasing my sales."*

2.1.2 Intermediate outcomes (business practices)



The knowledge that firms gain through the PUM and CBI support is assumed to translate in new business practices for these firms. The experts involved in the programs typically play a large role in this implementation phase.

CBI

Many firms in the CBI program grew fast, shortly before or after the program had started, and were struggling how to structure and manage their firm. Some owners said they wanted to remain the only manager but through CBI they were convinced that hiring more management would aid their companies' growth, while they would not easily have decided to do so without this active encouragement.

"CBI helped me to recruit a manager. I had never thought I would pay such high salaries for skilled people. But now I realise that it really helped me to let my company grow."

HR is important for IT companies. Firing staff is not accepted in the culture, so if a company makes a bad hire or business is down, they will continue to support all employees. This makes strategic HR planning and development an important topic for these firms. Many firms mentioned that the advice to hire a person responsible for HR and recruitment was a major take-away from the CBI programme. Initially it seemed very expensive to them, and some owners indicated to have struggles to accept they had to give up some control in the HR area:

"*Firing people is the last thing you do in Bangladesh. We have suffered as a company sometimes when revenues were down and we couldn't pay everyone*."

All firms indicated to have worked intensively on an export marketing plan (EMP) with CBI. It formed the basis of all visits of the consultant. which helped them understand the marketing and sales process. Firms indicated that their sales process was haphazard; taking contracts wherever they happened to be offered one. Firms indicate they now take a more strategic and proactive approach. Some firms started with online marketing to reach their niche market, while others developed a clear website showcasing their products and/or services so that customers can find them more easily.

"[We are] much more organised, able to think more strategically. We were more reactive and are now more proactive. We are much more focussed."

Firms indicate that one important take away from the program was that their product or service is trust-based, and that it is important for customers to be able to meet a representative of the firm. Quite a number of firms indicated to have engaged sales agents for this reason, and that the importance of this was an insight they gained through the programme.

"CBI encouraged me to get a sales agent for smoother operation in the market. They helped me find, assess and interview Dutch sales agents. I needed an agent to do face to face meetings with customers, but I needed help in choosing the right person for the job."

Firms learned that a coherent portfolio looks more trustworthy to potential customers than a diffuse "we can do everything" portfolio. Hand in hand with this, firms started realizing that they cannot only negotiate on the quantity of work, but also on the quality they deliver. Together this means that most firms specialized and improved the quality of the product or service they offered.

"CBI helped me to focus on quality instead of quantity."

Not all firms felt like their market position was strong enough to make this move, and they work from contract to contract.

"Our markets are diffuse and we win contracts in a haphazard way. We're not very focused, while CBI keeps telling us to focus on specific services and markets to develop our company further. We are just struggling to get by so unfortunately we can't focus on more structured acquisitions"

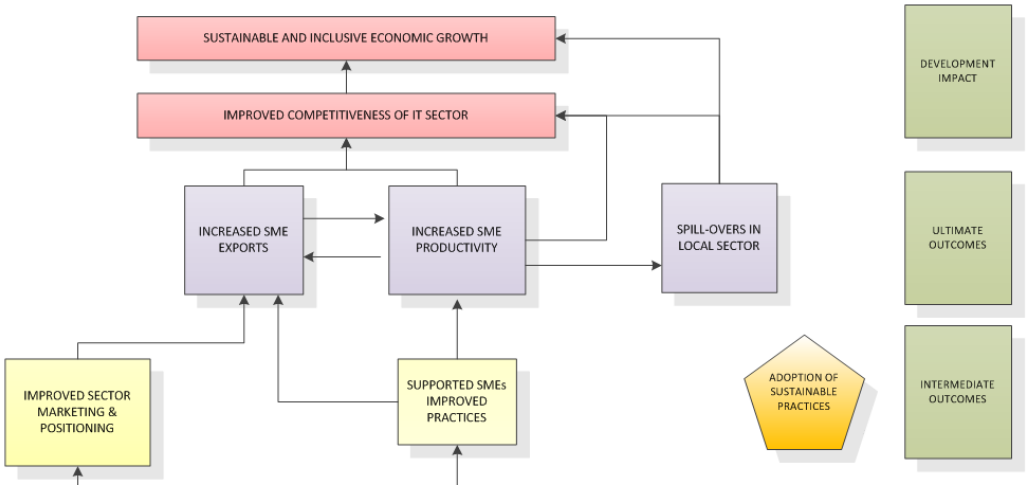
PUM

A PUM-supported SME noted indicated that – prior to being supported – it did not make a clear differentiation in its management practices between programs and projects. Through the PUM consultant's support in clarifying the conceptual difference between project and program management the supported SME was able to improve its management capacities, implement more decentralized decision making and thereby raise productivity

One PUM-supported firm also indicated having received feedback on its HR process, and to make sure there was a diversification of skills within his firm. So far he only hired people with the right technical skills, but the expert encouraged him to get people with business skills on board as well:

"I am good at managing the technical things, now I learned how to manage the business things. […] [The expert] advices met to get marketing people on board to work on the business further."

2.1.3 Ultimate outcomes (business performance)



Improvements in knowledge and business practices of the participants of the CBI and PUM programs will ultimately result in better business performance. The influence of CBI and PUM on the extent to which these firms will actually improve their business performance is smaller than on knowledge and business practices.

CBI and PUM

Some firms mention that because of their more defined strategy, focused skill set and understanding of the market they can proactively approach customers. *"We now do milestone projects for our customers. We approach our customers with ideas instead of waiting until they come to us. [W]e convince them of doing several projects with us."*

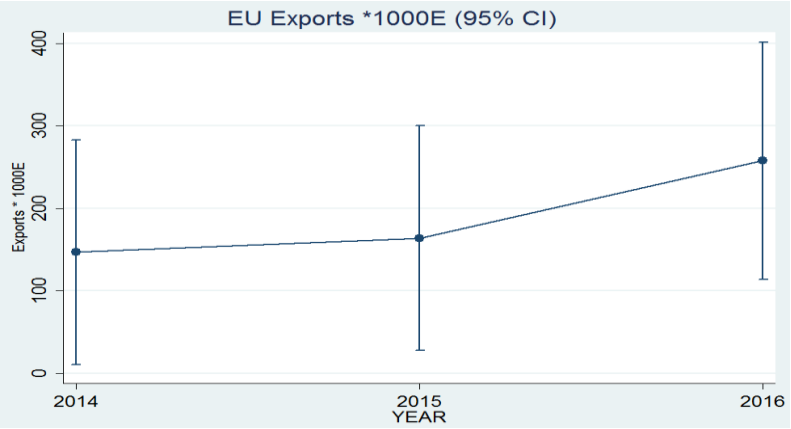
CBI

As indicated by the administrative data from CBI (certified results), the EU exports from supported firms increased between 2014-16, from an average of around 150.000€/firm to over 250.000€/firm. It should however be noted that these reflect averages and there is considerable variance in export volumes.

Table X: CBI beneficiaries' exports to EU

	EU exports (*1000E)		
Firm ID	*year=2014*	*year=2015*	*year=2016*
1	257.97	250.00	313.95
2	112.93	107.31	134.27
3	6.65	7.90	n/a[9]
4	13.50	64.64	23.50
5	81.67	340.19	600.91
6	601.24	256.08	350.00
7	3.05	21.23	n/a
8	124.35	73.23	81.50
9	18.97	24.10	56.81
10	247.86	495.72	758.45

Figure 6: CBI beneficiaries' exports to EU



[9] Data not available from certified results

However, not all firms grew in terms of staff or revenue during the CBI programme, but some firms grew quite significantly, doubling or tripling their number of employees.
"We have over 1500 staff, of which half is engineering staff and half are non-engineering (support) staff. We grew from 600 employees in 2014."

One CBI-supported firm that was mainly providing IT-related services (graphic design, website development etc) indicated that through the CBI program they had moved into the market for apps:
"*Initially we were not involved in the app market. CBI recommended to try it out, and it worked. Since then we realized that this is also an interesting focus. This is also how the expert helped us: he made us think of which markets we could operate in."*

Some others did make their shift from outsourcing (providing services) to the development of own products because the outsourcing market was very competitive and dominated by companies from India and Romania. They felt like it would be hard to compete against those markets, and therefore decided to focus on product development.
"Up to three years back we were involved in the outsourcing market. But at some time we thought about stopping that, it was a waste of time to do the work for others instead of focusing on our own product."

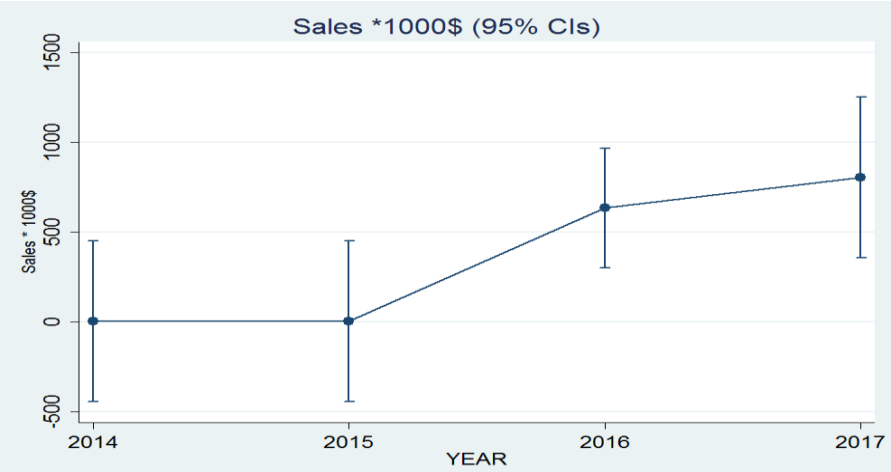
There does not seem to be a clear preference for export to Europe or other markets. Firms operate in quite diverse markets. Some chose to focus on Bangladesh, while others chose other parts of Asia, or Europe and North America. These preferences appear not to be influenced so much by the program but determined by the market to which the companies were exporting before the program started. However, exporting companies were interested to export to more markets, as they saw new opportunities in markets to which it would be easier to export. One CBI-supported firm indicated that due to the program they had steered more towards the European market, due to their learnings about the culture:
"In Europe we know the processes and the culture (Italy, Australia, Germany, Danish market etc.)."
"The revenue from the EU grew from 0 to 3-4M in 4 years, primarily because of the new market knowledge and renewed focus on the market."

However, other CBI-supported firms also indicated that they would appreciate it if the CBI program focused more on possibilities to export to other regions:
"CBI would do good to focus also to other export markets. SA, Australia"
"Our continent is becoming a more important market. Australia is an important market and Japan as well. For the last two years they have been coming to Bangladesh. Thailand is exporting to Europe, but the local market is very untapped. We are entering it now. Also, I work with East African countries, they are very promising markets for our companies."

PUM

Similar to the previous result for CBI, administrative data from PUM indicates that firms in the sector had increased their sales between 2014-17, with sales average for the supported firms being close to zero in 2014-15, but rising to over 500.000$ in the next two years. However, it should be noted that these figures pertain to different firms across different points in time and thus do not necessarily reflect so-called "within-company" growth.

Figure 7: PUM beneficiaries' sales over time



The case study interviews corresponded with the administrative data in the overall perception that the PUM support contributed to improved firm performance. Two of the PUM-supported firms said that specific advice and training on sales boosted sales across their entire sales team. They were eager to learn more about how to structure their sales and negotiate with customers. One firm said the PUM expert helped to change the mind-set and improve the skills of the sales team fast by organizing trainings and workshops for them. *"The expert coached us on service sales and helped design a sales process. Then he trained the sales team on how to implement and maintain the new processes. This was very motivating, we were a small company then that had to learn and develop."*

Furthermore, one of the PUM supported firms said that as a start-up company it was good to have tailored advice helping the firm make prioritizations as to the improvements required for the firm to grow.

"Although I asked for advice on one new project, she [the expert] helped me take an overall view of the company, and see how the project fit in. She helped me see which steps were important now. More important than that project – although I do think my idea still has potential."

2.1.4 Economic spill-over effects in the sector

The impact of CBI and PUM support may well be much larger than only on the direct beneficiary firms. It might help promote the IT sector in the country as delivering good

quality or being easy to interact with. However, the researchers found no direct evidence of the spill over effects in the sector. The NTFIII staff that was interviewed indicated they did not expect that there were many spill over effects in the sector, as managers who participated in the program do not move from one company to another. Usually they have good positions or they are the owner. Especially lower level employees might transfer knowledge between firms, but they might not be knowledgeable enough to bring relevant knowledge to the organization.

"Spill-over effects are probably limited. Of course, there is some spill-over from employees, but they will not always be skilled enough to transfer the knowledge in their new organisation."

2.2 Unintended effects

CBI and PUM

One possible negative outcome is that supported firms – through their increased productivity - take market share from non-supported companies, in which case overall welfare gains of the programs may end up being smaller than when simply considering the supported firms. However, during the interviews most firms gave the impression that the overall market for IT-related products and services in Bangladesh is still expanding rapidly, so it did not become apparent that such negative externalities occurred as a result of the CBI and PUM activities.

In contrast, many firms actually indicated that they shared their knowledge, either with other participants of the program but also with other business contacts. Such knowledge sharing can in turn promote productivity beyond just the supported companies. However, the nature of the case study makes it challenging to gain a clear understanding of the extent to which such knowledge sharing occurs, but it does appear to occur occasionally:

"We do share our knowledge with other companies by network events and gatherings."

Firms struggle to keep their employees who see opportunities and start their own business. This results in both growth of the sector, but also encourages forms to invest in staff education to retain staff. *"[It is] always hard to acquire IT talent. Our recruitment process involves teaching in university where management teaches. Sometimes [it is] hard to compete with start-ups for talent. Start-ups are willing to give prospective engineers shares, which sounds promising to them."*

3 ---PART C ---- THE EVALUATION

3.1 Implementation efficiency

3.1.1 Selection of SMEs with development potential

The potential to impact sustainable economic development depends partly on the selection process of the supported SMEs. In practice the selection processes is highly depended on the social networks of the people working at the respective BSO, for CBI, or with the local representative, for PUM. For PUM, this networking capacity is of course an important quality attribute of and selection criterion for the local representative.

CBI

Several firms in the CBI program indicated that they found differences between the firms to be quite large, which in turn makes it more challenging for firms to learn from each other.
"Selection process could have been better, with firms that are more similar and have more potential for growth."

This raises the question if future programs might benefit from recruiting a more homogenous group of firms. However, at the same time, some level of diversity within the group of firms might also promote learning and cross-pollination of ideas and strategies. Another firm, that said they were not the right match for the program themselves, said they could only profit to a limited extent from the program. Their focus was on the local market, so the EMP and trade fairs abroad were not useful to them. *"EMP is super useful for management skills and network, but we're not the best match for the program. Meeting the right customers through the program has proven difficult. Most B2B meetings were useless, and also during my visit to the Netherlands I did not meet the right people. We only attended fairs as a visitor.*

In a similar vein it was mentioned by one beneficiary that the variation in the level of development of the different firms in the CBI program limited the learning curve of some of the other participants. It was therefore suggested that the program could be sub-divided in different groups of SMEs according to how advanced they are in terms of export-readiness.

PUM

Several firms met PUM representatives at IT fairs in the country, and through local representatives. PUM set ambitious targets for the number of IT-firms to be reached and signed an MoU with BASIS.
"We met […], coordinator from PUM, during a sector fair organised by BASIS. That's how we got in touch with PUM."

Another firm indicated they were satisfied with the services. However, they also indicated that they were perturbed why the topics discussed during the visit had so little to do with the request for expertise they had submitted to PUM:
"Maybe they [PUM experts] could listen more to the questions you ask. I now did not get to discuss my project and its financing that I requested a consultant for because we spoke about my general business. This was useful, but not my original question."

3.1.2 Matching the SMEs with experts that provide additional knowledge

PUM

The match between the expert and SME is vital, especially in case of PUM because there is a wide variety of companies, sectors and problems. The local representative together with the country or sector expert determines this match. Usually companies were satisfied with the match. One firm noted though that they had had several visits by different consultants sent by PUM. They indicated they first did not know they could ask for the same experts, that they felt they had a good relationship with, again:
"We developed a very close relationship with are expert. We shared their long term experience. One guy came to us a couple of time, and we were very happy with him. Then we got another person. I didn't know that I could ask for the same expert again. He already knew me and my company well."

3.1.3 Follow-up of the initial support provided to the firms

CBI and PUM

Firms are in touch with the consultants frequently. They will e-mail them with practical questions about recruiting a sales representative, how to negotiate a contract, or how to deal with upset customers. As a PUM firm said:
"We had a customer that was struggling to pay. We do not have many customers so payments are important to us. The expert helped us to think of other payment options. With her advice I could propose two payment scenarios: blocks of payments or a subscription fee to our services."

Firms did not always believe what the consultant told them, either because the information given to them was conflicted or because it was at odds with their own perception. As one CBI firms indicated:
"Also through CBI the info was sometimes conflicted, and communication wasn't always fast."
A PUM firm also said that he trusted the expert, but still wanted to try
"The PUM consultant explained that the European market would be hard to enter for my service. I do not agree and I'd like to give it a try."

3.1.4 Specific SME characteristics

Certain characteristics of beneficiaries of CBI and PUM might make that they benefit more from the program than other firms. Other characteristics that are shared among all SMEs in the sector, might also make it more difficult to implement the learnings of the program.

CBI and PUM

Both CBI and PUM firms indicated that they were struggling with finances for projects and with recruiting staff. Technical staff frequently required further in house training, so their skills would be up to industry standards. The lack of well-trained staff could strain the growth of companies and their ability to seize new opportunities or it could make them hesitant. As one CBI firm said:

"We suffered from unexpected growth. We were not well structured and not very professional. Managing the growth was actually the biggest challenge. I have more middle management now, so I do not have to do everything myself. The expert advised me to do this because it was getting too much for me."

In similar vein a PUM-supported firm indicated that:

"I hire the talents when I can and train them to be ready for the market. Every time I make profit and have money I make more hires. Talent is very scarce here, so you should engage talent whenever you can. It is a commitment, but it is necessary"

A few of the firms indicated they were struggling to survive in their market, and therefore did not have sufficient time and focus on management level to structurally implement the program's learnings.

"Our markets are diffuse and we win contracts in a haphazard way. We're not very focused, while CBI keeps telling us to focus on specific services and markets to develop our company further."

Not all firms seemed equally prepared to integrate the learnings into their company. While most had a stable management team or owner that made sure that the learnings were distributed and implemented, some lost knowledge due to staff turnover.

"Also, before me another person from [our company] took part in the program. When he left the knowledge left. Because our management team is small knowledge does not get spread. It would be good if more people from a company were included in the trainings."

The leadership of the company, and their willingness to change processes in their company determines how much companies can benefit. Having a clear team that is structured and can make changes happen is thus important:

Companies with good leaders benefit most from the program. They should really understand which changes they should implement to improve their sales.

For products having enough scale to provide services, develop and maintain the product are required. Companies that were looking to grow into the product market thus felt a strong incentive to grow strongly enough.

3.1.5 Specific support modalities

Several characteristics of the way in which the support of CBI and PUM is structured came up in this case study as having and influence of the effectiveness, such as the direct interaction with the experts.

CBI and PUM

It was noted by several firms they were enthusiastic about on-the-job coaching whereby they could ask questions which they encountered during their daily operations. It made firms feel more comfortable to pursue their strategic choices. Also, some firms mentioned that because the consultant would come to their office to discuss their strategic situation with them, they received practical and implementable advice: "*We are approaching companies in other countries to buy our product and we wanted to have some coaching on how to approach that and do negotiations. If someone sharing their life long experience with you on that, it makes the move into the market a smaller step*." And: *"We closely followed the expert's advice. He always gave actionable advice about how we should operate and realize our ambitions. We were in weekly contact."*

One company indicated that they were particularly enthusiastic about online learning programs: *"Online training programs are the most effective programs. Because we can learn so much about the European market, about marketing, building websites etc."*

CBI

Most companies believe that the most valuable aspect of the program was to gain new buyers and other relevant business contacts. While they do all mention that the EMP was insightful and they do understand the cultures of the markets to which they export better. Although they did not say it as explicitly, the NTF clarified that:
"Companies are mostly interested is direct business, gaining network, getting connected with potential buyers."

PUM

PUM supported firms all spoke about having had several missions already, or looking forward to the next one. They often require more support for the issues they are struggling with or the business plan they develop together with the expert than the time the expert is there lasts.

"The PUM expert just visited for one week. This was useful because I already knew which issues I was facing and the mission was well prepared He shared market insights with us and we could discuss the direction our firm should operate in. This provided a deep dive in our

problems and helped us find practical, implementable solutions. This was all we could implement following the visit."

"To make the PUM programme more effective: After the training go on the road together and learn by doing. Get consultancy on the job."

3.2 Barriers and enablers

3.2.1 Private sector collaboration

Private sector collaboration can help the beneficiary firms progress faster.

CBI

A participant described how the CBI helped companies understand that cooperation is important for further growth of the sector. Sharing knowledge, or trying to work together can be beneficial to both companies because it can boost their sales and allows for specialization. However, most firms seemed to prefer to work on their own:

"CBI did make our companies and BASIS more aware of sharing knowledge with each other, doing acquisitions together and cooperation is important (e.g. trying to offer services together and subcontract each other)."

Several firms discussed that as the IT sector boomed, they were facing more competition. Some, especially the firms that provide services, perceived the competition to come from cheaper freelancers who as they saw it were supported by BASIS.

"They support freelancers very much, while we are having a hard time to compete with freelancers. They are cheaper than us and outcompete us, while we believe their services and reliability is lower."

CBI and PUM

Several firms indicated to struggle with obtaining sufficient finance. Especially some firms that provide services only have short term contracts, which made it hard to grow.

"As a starting company we need more access to finance. My company is doing quite well. I have a good product, a good business model, but we are also struggling all the time."

As a larger firm phrased it, they could start developing a product because:

"[...] We did have access to finance and could take the risk."

3.2.2 Public sector support

CBI and PUM

The government of Bangladesh has been investing extra in the development of the IT sector since 2009. Companies refer to this and how it has enabled some of them to find new offices, increase their business and how it stimulated the development of new companies.

"The government became one of the largest players on the [IT] market and the market grew further. More IT companies are starting up. [All IT companies together] are exporting much more than before this vision was launched."

Many companies, both CBI and PUM supported, said that BASIS has developed over the past few years and offers better services now. although it still is a political organization that could improve a lot of its services. The CBI and NTF program have helped to give BASIS essential insights. Across the board companies perceived BASIS as a good party to lobby to the government on behalf on the industry and as a way to get awarded contracts.
"[The NTF] program has made BASIS realise that market research is of important. Now they have changed their mind and focus on it more."
"Which BASIS services are useful for us? Lobby towards the government is useful, for example to make the building we're in an IT campus."

CBI
BASIS, the BSO, thinks that to some extent they can continue the activities of CBI for their members. However, they cannot offer the same individual advice, and they, as other firms, are still very interested in consulting from foreign consultants.
"We have followed a ToT training, and we teach an EMP course ourselves. it. However, we do not have the same expertise. The way the expert advises us is very helpful too, to give us advise what to do next. External experts have a different perspective and new ideas."

3.3 Additionality

3.3.1 Additionality of the expert support to the local market of business training providers

CBI and PUM
None of the firms were positive about the available services from local consultants for strategic questions. They either believed they did not have the right knowledge or network to consult them. Part of this might be that foreign expertise just seems more valuable when it comes to topics such as market entry and strategy. However, for promotion materials or management development some firms were more interested. As one firm put it:
"There are not a lot good people and the ones who are good they are so expensive."
"[…] There was NO local consulting when CBI started. So CBI is really additional to the market."

CBI
Being in the CBI program made one of the firms aware of the added value of consultancy for their business:
"I would have never wanted to pay for a consultant, but CBI has proven to me how valuable the advice is and how much it has helped me grow."

However, others emphasize that the expertise they want is hard to access for them, and that they still depend on (government) programs to access them.
"No, there are not that many consultants. People that have worked in the US or EU consult us, but usually through the government. These services are hardly accessible to our firms."

3.3.2 Complementarity to other supports provided to the SMEs

One firm indicated they had participated both in the CBI program as well as another program by the Danish development organization DANIDA, and these two programs were complementary in terms of their content:
"DANIDA helped us to improve our IT skills. CBI is more business oriented, and oriented towards sales."

There are many active parties on the IT SME development market, that all focus on slightly different aspects. However, some CBI participants note that frequently it seems to be in any of the other programs.

As for the local sector organization BASIS companies provided mixed reactions about its effectiveness in supporting the firms. One firm noted:
"BASIS is not very effective; they are too political. They have done a great job at lobbying for better policy for the IT-sector."

This same firm also noted:
…BASIS BITM (training centre). They provide a lot of trainings. They give training free of costs for people and they can find a job in the IT sector. They started a good process, but the selection process is not good yet."

3.3.3 Synergy between PUM and CBI

One firm had received support from both CBI and PUM. The firm said that both programs were useful in different ways. CBI has a more strategic and long-term focus, whereas PUM helps the firms to solve more pressing, operational issues.

4 ---PART D ----- CONCLUSIONS

4.1 Reflection on the intervention logic and key assumptions

Overall, firms were positive about the contributions PUM and CBI had made to their business growth. As one firm put it, "*they are good at capacity building of market knowledge*". The insights about market intelligence and learning about market presence were considered valuable. Many interviewed CBI-supported firms described how the program had helped them take decisions related to staffing they would not have taken

without the program. Especially hiring more middle management or engaging sales representatives were moves that the firms felt would help them grow sustainably.

The PUM-missions were targeted towards a more diverse set of issues that companies, which indicated that the missions had been beneficial and that the follow-up with the experts had greatly contributed to the overall success.

- *Assumption 1: The support helps firms develop a stronger sales process and cultural understanding*

This point is particularly relevant with respect to the CBI program. Several firms indicated that as a result of the program they were now more aware that not every (EU) market could be approached in the same way. Cultural factors play an important role in how relationships should be built. Firms frequently mentioned examples of how markets differed from one another (price-sensitivity, loyalty etc.). Also, firms understood the importance of having a sales representative. This is true for PUM as well as CBI firms. They engaged local sales representatives who can find opportunities for them in those markets. One PUM-supported firm said having local presence was so important he would be willing to pay 30% of the contract value to their sales representative.

- *Assumption 2: The support contributes to business knowledge and skills*

Most of the CBI-supported firms indicated that they perceived the program to be effective in several of the following ways: (i) making them more aware of the limits of their own knowledge, thus motivating them to improve their knowledge, e.g. about business practices (ii) providing them with a deeper understanding of the European market, both through the various training modules and by participation in export fairs, which in turn enabled them to increase their exports, (iii) shifting from a fully service-based business model to also developing products which have higher potential for reaching economies of scale and (iv) developing more aggressive bargaining and sales strategies so as to increase profit shares. Several companies reported seeing increased exports and employment, although it should be noted that the case study methodology does not allow for the direct inference of causal effects of the program on such outcomes.

In terms of the PUM-supported firms, several dimensions along which the consultancy tracks had promoted firm productivity were reported by the interview. Firstly, it was noted that the PUM support provided firms with useful knowledge about conceptual thinking in their business strategy, for example through clarifying the conceptual difference between project and program management the supported SME was able to improve its management capacities, implement more decentralized decision making and thereby raise productivity. In addition, it was noted that the PUM support helped firms in improving their business planning and sales processes, for example by developing a specialized sales process structure and training of the sales team.

- *Assumption 3: The support is complementary to existing advisory services in the sector*

Most firms indicated that there was limited availability of affordable and high-quality advisory services for the IT-sector in Bangladesh. This was in part linked to the entrepreneurs' perception that foreign consultants typically provide higher quality advice, as well as to their actual experiences with local consultants. In addition, CBI's cooperation with BASIS was perceived by many firms as being quite effective in terms of outreach to the sector as well as building of a strong reputation for the IT industry abroad and representing the firm's interests with foreign markets. Despite some reservations about sector politics coming into play within the activities of BASIS, several interviewees expressed optimism about BASIS' potential to carry on CBI's activities after the termination of the CBI program. As for the activities implemented by PUM, it is harder to make a meaningful assessment of the sustainably, as the approach is inherently mission-based. However, most interviews did share the impression that PUM consultants were willing and able to continue communications after the missions and keep working with the SMEs.

4.2 Recommendations

It was observed that only one firm had been supported both by PUM and CBI. Given the potential for both programs to be complementary we recommend that the organizations explore possibilities to work together more closely in this sector. For example, CBI might consider referring its program beneficiaries to PUM experts after the end of the program. In a similar vein, PUM might consider linking its beneficiaries – in particular those that are deemed to have the potential to enter the export market – to CBI and or affiliated sector-organizations such as BASIS.

Secondly, it was observed by several respondents that the CBI and PUM programs made them more appreciative of the benefits of advisory services. In turn, the organizations might leverage these learnings by letting these companies make public testimonies about these perceived benefits, in order to inspire other firms – which have not yet sought external advice - to seek advisory services either through CBI and/or PUM, or through other key stakeholders in the sector such as BASIS. In addition, such public testimonies might also provide direct benefits, for example by making firms more reflective about their own business knowledge and practices, which could in turn inspire a more "learning" attitude.

Annex A: PUM Activities

Summary of PUM activities (based on expert mission reports)

Firm ID	Summary of mission
101	Firm wants to globalize, expand to middle-east. Need to develop business and marketing strategy. Also, the firms is interested in Fintech,Blockchain, Implementation- and Risk management. Expert provided workshops on (i) marketing planning, (ii) sales promotion, (iii) operational risk, (iv) social media marketing. Various interactive sessions with firm management to make steps to implement learnings.
102	Firm wants to improve sales processes. Expert provided both general advice about business structuring and strategy, as well as specific workshops about sales and international marketing. Firm reportedly pleased with advisory services, in particular in terms of general inspiration to professionalize the business. Indicated that most of advice could be implemented during or shortly after the mission.
103	Firm wants to create business plan to grow to N=500 employees in 3 years period. They request help with creating this planning and improving organizational processes.Expert provided trainings and workshops on topics including rolling forecast financials, staff development, monitoring of business performance, team organization, business development strategy, B2B sales.
104	Firm wants to increase competitiveness and become more profitable. Expert has conducted sessions with firm management to discuss general business strategy, profitablility of different product lines and staffing issues. Expert has provided advice on matters such as client retainment, targeting towards sub-groups of highly profitable clients, financial planning, marketing and international profiling. Agreed upong remote coahing after mission.
105	Firm did not have specific goal or focus at beginning of meeting, but rather was interested to promote overall professionality. When expert was linked to firm it was decided that mission would focus on linking firm to external partners and access to finance to implement a specific project. Expert gave firm various trainings on workshop on this topic, and firm was reportedly very content with this support and indicated it helped them getting the attention of potential investors

Annex B: CBI Activities

Key activities implemented in CBI program (from 2015 progress report)

Date	Location	Activity	Results/Comments
March 2014	Hannover, Germany	CEBIT 2014	Participation of 6 companies generating 553 BCFs
April-Oct 2014	Dhaka, Bangladesh	Technical Assistant Missions	ECP companies visited by sector expert
June 2014	Dhaka, Bangladesh	Marketing Training website and offline	29 participants
August 2014	Dhaka, Bangladesh	BSO support: Training of Trainers on EMP	8 trainers qualified and selected out of 18 participants
November 2014	Dhaka, Bangladesh	Training Trade Fair Participation	21 participants
December 2014	Dhaka, Bangladesh	BSO support continued: Training of Trainers on EMP + NTF III EXPRO Training	Executed in cooperation with ITC
Feb-March 2015	Dhaka, Bangladesh	Training Intercultural Communications	18 participants
March 2015	Hannover, Germany	CEBIT 2015	companies participating generating 274 BCFs
		Quality Certification support	SDSL for ISO 9001

Annex C: Case Study Research Methodology

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Case study design

This document outlines the methodology that will be used for the qualitative PRIME case studies. These case studies are complementary to the quantitative analysis of the PUM and CBI monitoring and evaluation data Case studies examine processes in specific contexts in order to answer an overarching research question, analysing dynamics within each case and comparing across several cases. Our research question for the case studies is *'Why and how do CBI and PUM interventions work, for whom and under what conditions?'*, in order to provide guidance to CBI and PUM on the ways that they might use to improve the effectiveness of their support. This implies the need – *within case analysis* - to study different types of beneficiaries and non-beneficiaries (e.g. larger and smaller SMEs) of the support in a specific country and sector, and the need to study similar support under different conditions – *across case analysis*. Table illustrates the combination of a within and across case analysis.

Table A1. Case study analyses to answer the research question

Research question	Research objects	Within-case analysis of enablers/barriers	Across-case analysis of enablers/barriers
What works?	Support modalities	Identify different support modalities used in sector	Compare similar support modalities across cases
For whom?	Beneficiaries	Differentiate effects between larger/smaller, younger/older firms etc	Differentiate effects between more/less developed countries
Under what conditions?	Sector & country	Identify effect of economic and political conditions	Cases cover various sectors, with different economics & political conditions
	Enablers & barriers	Identify plausible enablers and barriers of effectiveness	Compare enablers and barriers across cases
Policy recommendations: *How can CBI and PUM improve the effectiveness of their support?*			

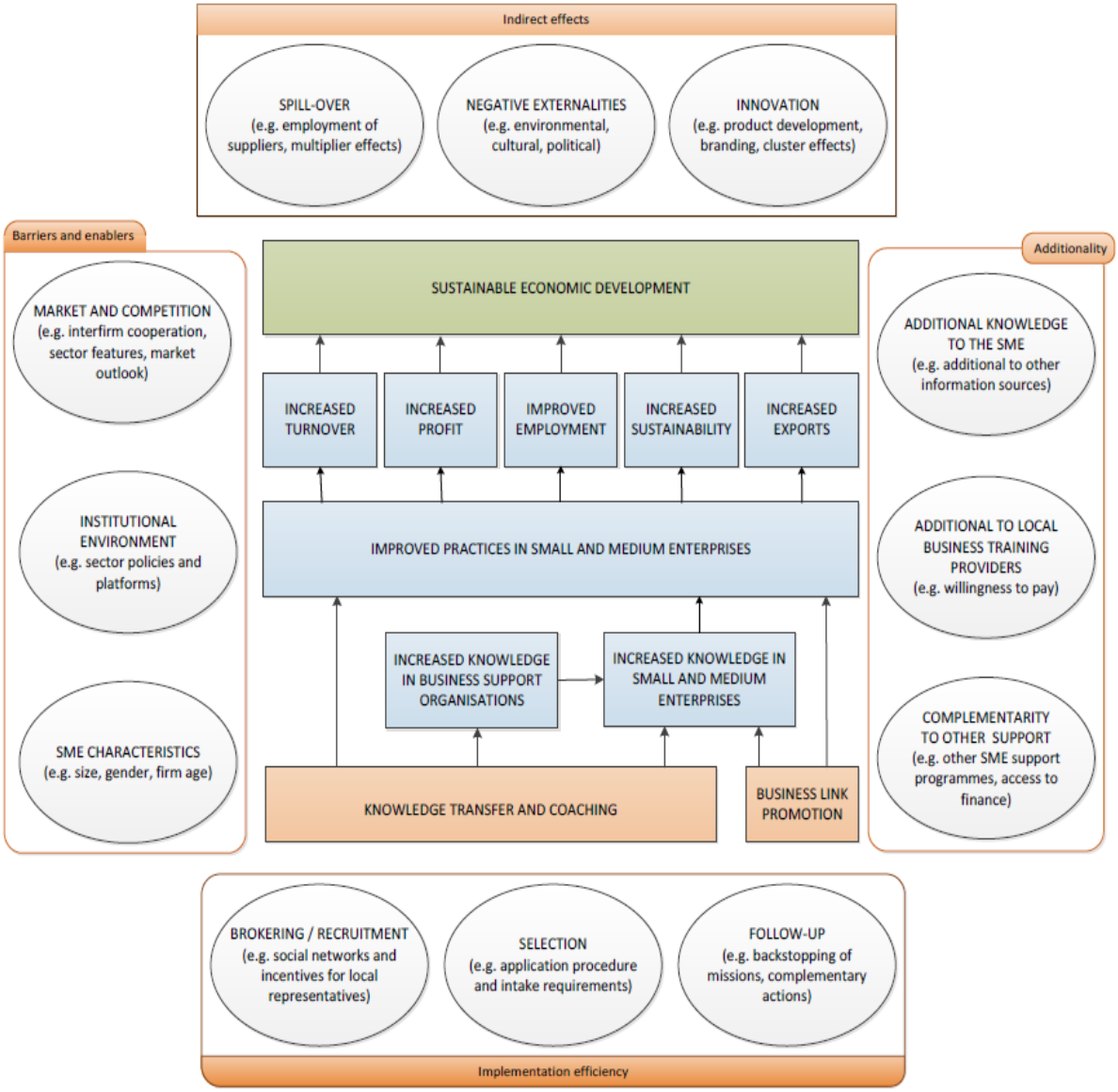
Case studies are conducted in six beneficiary countries, in the sector where CBI and PUM are both supporting SMEs. The case studies consist of in-depth and semi-structured interviews with client enterprises, non-client enterprises, BSO representatives, and local (sector) experts in order to get a deeper understanding of the mechanisms that affect the

effectiveness of CBI and PUM support.

Qualitative research methods

To gain insights into the effectiveness of CBI and PUM activities, we use qualitative research methods to identify the processes and dynamics that take place during and after the support trajectory and which influence the effectiveness of the support activities. Across the cases a similar framework is used to facilitate the research synthesis and help us understand why the programme works differently for the various sub-groups, with different characteristics or under different conditions (see Figure A1).

Figure A1: Conceptual framework for the research synthesis



Based on the desk research and first mission insights, the researchers sketched visually the intervention logic that is pursued in each sector/country, indicating the key assumptions of impact that seem to influence the effectiveness of the support. This framework (Figure 1) is used and refined in the second mission, which focused on main knowledge gaps about

these key assumptions and plausible enablers and barriers. The main elements on which more in-depth information was needed related to the additionality of CBI and PUM compared with other public and private support modalities available in the sector and the implementation efficiency of CBI and PUM. Therefore, compared with the first missions, these second missions comprised more in-depth interviews with sector organisations and less attention to interviews with the supported firms. Another important area is to explore whether and how the support provided to certain SMEs might affect other SMEs, both negatively and positively. An example of a negative externality could be that a support obstructs or upholds other development initiatives in the sector. An example of a positive spillover would be that supported SMEs share the knowledge gained from the CBI and PUM support with non-participating SMEs in the region. The case studies provide an opportunity to identify these types of indirect effects by interviewing not only the supported firms but by also reflecting on the dynamics in the sector with unsupported firms or sector experts.

Selection of cases

To select the cases, CBI and PUM support portfolio was reviewed through the analysis of programme documents, the data on the supported firms in the last years, business case documents and personal interviews with CBI and PUM staff. This resulted in an overview of all countries involved in the support programmes and the number of firms enrolled or supported. The selection of the key sector in each country subject to PRIME research will be based on an assessment of the diversity in the support portfolio, the synergy between CBI and PUM activities, and logistical considerations. This helped especially to select sectors with CBI support that had also received some PUM experts in order to use PUM local representatives and sector organisations to reflect on CBI support and CBI experts and supported sector organisations to reflect on PUM support.

To select the countries for the case study a random element was added to reduce an eventual bias in the selection of cases towards 'better' experiences of support, which would threaten the validity of the research findings. Therefore, the research team has used the randomised list of countries and selected cases with the explicit objective to maximise diversity. The following criteria have been used:

- Case-studies cover all continents.

- Case studies cover both least developed, lower income, lower-middle income and upper-middle income countries.

- Case-studies cover different sectors, preferably where synergy of PUM and CBI can be expected, favouring the sectors in which CBI will concentrate resources in the future and considering the overlap in sector focus in past PUM support.

Based on these criteria, a proposal was made to the Programme Board in January 2014. Two countries were normatively selected because they received relatively high levels of support. Other countries were added by reviewing a ordered list based on the random number generated. One case, the Philippines, was replaced, after consultation with the Advisory Board, with Myanmar in order to increase the number of least developed countries.

In the following table we present the list of countries according to their random number and with an explanation of why the country is rejected or included in the list of six case-studies (selected cases are marked in dark green).

Table A2: Countries/sectors selected for case studies

Random number	Country	Region	Income category	Rationale
0.024	Indonesia	Asia	Lower middle	normative: high incidence of PUM and CBI
0.274	Bolivia	Latin-America	Lower middle	normative: high incidence of PUM and CBI.
0.976	Peru	Latin-America	Upper middle	no reason to reject
0.914	Colombia	Latin-America	Upper middle	rejection: LA with 2 cases already
0.856	Nepal	Asia	Least developed	rejection: few activities of CBI
0.839	Afghanistan	Asia	Least developed	rejected: no activities of PUM
0.839	Bangladesh	Asia	Least developed	no reason to reject. Selected under PRIME-ITC for additional quantitative research
0.810	Macedonia	EU	Upper middle	second stage rejection: Europe not preferred
0.805	Uganda	Africa	Least developed	no reason to reject
0.800	Bhutan	Asia	Least developed	rejected: few activities CBI and PUM
0.774	Philippines	Asia	Lower middle	rejected: preference for LDC
0.772	Myanmar	Asia	Least developed	rejection: no activities PUM
0.760	Kenya	Africa	Other low	likely to be selected under PRIME-ITC
0.748	Nicaragua	Latin-America	Least developed	likely replacement LA: least developed
0.711	Zambia	Africa	Least developed	no replacement: few activities CBI
0.693	Madagascar	Africa	Least developed	no replacement: few activities PUM
0.672	Ghana	Africa	Lower middle	likely replacement Africa: least developed
0.607	Tanzania	Africa	Least developed	no replacement: few activities CBI
0.600	Sri Lanka	Asia	Lower middle	possible replacement Asia: limited choice of sectors (tourism, IT)
0.577	Armenia	EU	Lower middle	likely replacement Europe
0.570	Vietnam	Asia	Lower middle	possible replacement in Asia: sector diversity

Research methods

For the first mission, we selected the SMEs for the qualitative interviews based on the potential to get additional insights about the processes, conditions and mechanisms that influence the effectiveness of CBI and PUM support. This implied a purposively selected sample of CBI and PUM supported firms, complemented with some firms supported through similar programmes, and some unsupported firms. The selection will be made based on a list with an overview of CBI and PUM participants in the last five years and the applicants to the new programmes starting in the selected countries. Next, to that, some

non-participating companies were selected based on the available information provided before or during the mission by the business support organisations, and other experts working in the sector. In the first field mission, in 2014, the researchers interviewed between 15 SMEs in the respective sector. In 2016 and 2017, some of these companies were revisited.

After selection by the PRIME researchers, a local consultant contacted the chosen companies. CBI and PUM experts, local representatives, and country coordinators assist the consultant with making contact and in providing background information on the SMEs, but were not present during the interviews. In most cases, the interviews were held with the SME contact person who was involved in CBI and PUM activities, and in most cases, this was the managers or the director of the company. Regarding logistical considerations, and given the limited time available for each mission (5-10 days), it was important that supported firms, unsupported firms, and third parties in the respective sector, are somewhat clustered geographically.

Preparation for interviews in the first mission was done by reviewing the available information about the company using M&E data, intake form, exit form, the company website, Google searches, and interviews with CBI and PUM experts, etc. A semi-structured questionnaire (see Appendix 2) was used to indicate the themes of the interviews with the various stakeholders (CBI/PUM experts, SMEs, BSOs and experts). However, especially in interviews with the sector informants, the process and dynamics related to specific support activities were explored in more detail. Depth of information about specific enablers and barriers to effectiveness was preferred above breath of the interview. Each interview took about 1 hour.

It was made clear to respondents that the information was strictly used for research purposes and not shared with any third party without their explicit permission. Furthermore to avoid firms from feeling pressured to provide “desirable answers” or otherwise provide biased information, it was explicitly made clear that the PRIME researchers were *independent researchers*. For the same reason, when local researchers or translators were needed for the interviews, the PRIME researchers worked with external parties that are not identified with CBI /PUM support activities.

Furthermore, interviews with the *non-supported* SMEs were included to gain a better understanding of the differences and similarities between the two groups, as well as provide a better understanding of why firms make the decision to participate or not participate in the programmes. By repeated visits to the firms (e.g. a first mission in Dec. 2014 and a second mission in Jun. 2017) we were able to identify firms that became more or less active in the programme during this period. The interviews with the BSOs and other relevant stakeholders in the sectors were used to discuss how CBI and PUM support helped

these organisations to improve their support to the SME sector. During the interviews with the BSOs we also discussed possibilities to get access to the data of BSOs on non-supported SMEs, explore with them the diversity/heterogeneity of SMEs in the sector, reflect on dynamics in the sector, and the additionality of CBI and PUM support in the sector.

For the second mission, the interviews focussed on areas on which information was lacking according to the conceptual framework and corresponding case study report format. As discussed before, the first missions had yielded important insights but did not yet provide sufficient information about the enabling environment, synergy with other support, additionality to local support, indirect effects on employment, to write the full report. Therefore the focus of the second mission will be more to these aspects. Based on a reflection on the intervention logic, we defined some key assumptions around which to organise the second mission the mission for the qualitative research, in view to collect information that answers for each assumption the question 'Why does it work (or not work) for whom under what conditions?

Analysis

All interviews were recorded and interview report was written with a level of detail that made it possible to extract quotes of information. A report of one to three pages was made for each stakeholder interview. This report, especially in the second missions, followed the actual flow of the conversation and not necessarily the semi-structured interview format. The interviews and project documents were processed (coded) in the qualitative software application Atlas.ti with a coding scheme that corresponds with the headings of the conceptual framework and case study report. After the first mission, all information concerning the case study was added to portfolio document with the rough information used for analysis and synthesis, and a short mission report of four to eight pages was written, discussed with CBI and PUM, and put on the website. This mission report provided information on basic sector level statistics and dynamics, and contained an analysis of the key observations. The first mission captured data around the general intervention logic of the support provided by CBI and PUM in each case-study. After the mission these initial intervention logics were refined, disaggregating it into specific impact pathways for specific groups and under different conditions. After the follow-up mission, all data collected was synthesed in a case study report.

Semi-structured interview guideline

A1. Introduction

- Can you please briefly introduce yourself and your organization?
- Can you please explain your interaction with CBI, if any?
    - How did you become involved with CBI? How did you find about their activities?
    - Before you started working with CBI, was your business facing any specific challenge(s), and if so which one(s)?

A.2 Which specific things did you learn from CBI? (How) have you implemented these learnings?

- Which activities do you remember most from the program? (participation in training, visit to trade show, host consultant etc)
    - What concretely did you learn from this?
        - About business strategy
        - About production & operations
        - About management & HR
        - About marketing/sales
        - About exporting
    - What concretely did you change in your business as a result?
    - Where there any things you learned, but could not apply in your business? If so, why not?
    - Did the CBI activities give you insights into specific challenges/problems in your company that you were not previously aware of? If so, which challenges/problems?

A.3 Business information

- What other sources do you use to inform yourself about business matters? (e.g. internet, talking with colleagues/friends etc)
- Did you share any of the things you learned with others (e.g. employees within the company, other companies etc), or did others share it with you?
- Which other support programs are you in? How do these compare?
- How can the CBI program be improved according to you?
- What is CBI doing that makes it work?

Sector/country-specific

B. Bangladesh

B.1 How did the program influence your focus in terms of export markets? (Europe vs. South)

How do you choose were to sells your services/products? For example, how do you compare domestic sales to exporting to Europe?

C.2 How did the program influence your business strategy? (services vs. products)?

How do you consider the pros and cons of (i) providing services on the basis of specific requests from clients vs. (ii) developing your own products and concepts and later trying to sell these; how has CBI/PUM influenced your considerations about this?

C.3 To what extent do you learn (program-related) things from other companies (e.g. through employee rotating)?

To what extent do you/your employees share the things you learned from CBI/PUM to other companies, for example when employees move to another company? How well can you “protect” the things you learned from the competition?