

Evidence on CBI's contribution to development: emerging insights

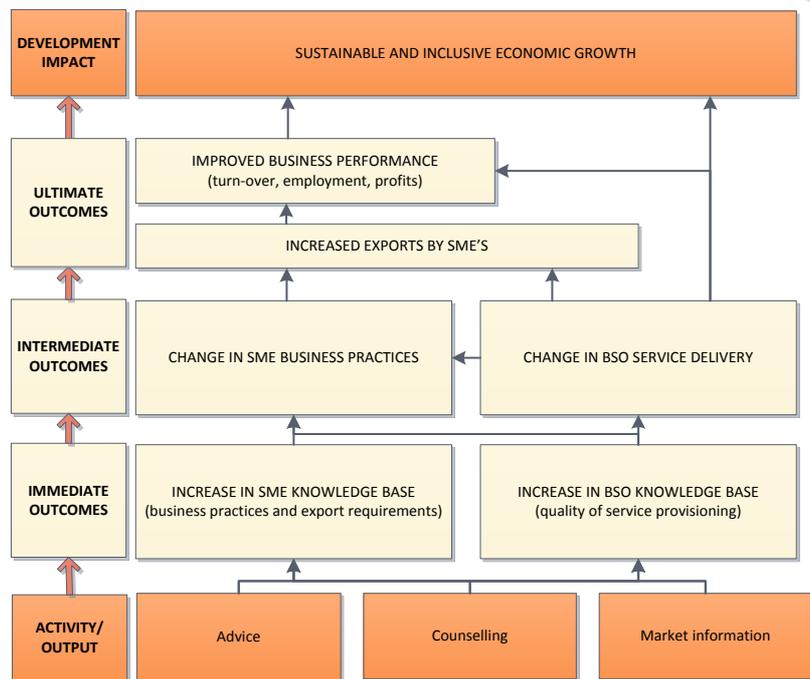
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www.primepartnership.nl

Why does CBI do what it does?

CBI aims to contribute to sustainable economic development in developing countries through the expansion of the exports from these countries. CBI provides advice, counselling and market information to Small and Medium size enterprises (SMEs) to facilitate export growth. Simultaneously, CBI works with Business Support Organizations and governments to improve local service delivery and reduce the obstacles for export to the European Union.

This support is expected to improve the export performance of these SMEs. However, this process may take time and is influenced by many other factors. In the short term, CBI support is expected to be measurable in the improved knowledge on and wider implementation of the business practices needed to access the export market.



How effective was CBI in contributing to the change over the past 12 months? Score (0-8)



Is this supported by evidence?

PRIME, Pioneering Real-time Monitoring and Evaluation in small and medium enterprises (www.primepartnership.nl), is a research programme designed to collect evidence to verify this intervention logic. PRIME uses the data collected by CBI during the intake process and the annually updated export audits. End 2014, PRIME collected complementary information through an on-line survey to SMEs. In six countries PRIME conducts case studies to look for enablers and barriers of effectiveness. Also, PRIME analyses the professional and academic literature to learn from research on similar interventions.

Almost two thirds of the firms indicate that they improved their business practices ¹⁾. More than two third these firms mentioned CBI has a strong contributory factor in this improvement. Almost two thirds of the firms indicate that they improved their business practices ¹⁾. More than two third these firms mentioned CBI has a strong contributory factor in this improvement.

The average scores for CBI effectiveness in each area indicates that CBI indeed contributes to these improvements, with highest effectiveness in the area 'quality requirements of international buyers', ensuring the quality of products or services and 'leading planning and organising the business'. The support is less effective in improving financial management, human resource management and environmental sustainability. The preliminary analysis of the 2014 data confirmed that there is a strong correlation between the level of knowledge on good business practices and their implementation. PRIME needs more years of data to verify if these business practices indeed contribute to increased exports or better business performance.²⁾ The wider impact literature is, however, supportive to this assumption.³⁾ A recent systematic review of 40 impact studies shows that business training and export promotion to SMEs does improve their revenue and profits, labour productivity and their ability to invest.⁴⁾

How did your business practices change over the past 12 months?	Did CBI influence this change?	CBI effectiveness score
Any answer	No effect	0
Increase	Very little	1
Strong increase	Very little	2
Increase	Some	3
Strong increase	Some	4
Increase	Quite a bit	5
Strong increase	Quite a bit	6
Increase	A lot	7
Strong increase	A lot	8

The evidence on the impact of business training and export promotion on sustainable and inclusive economic growth is much more contested. For example, the review shows that, while export promotion can indeed result in (slightly) more export in a country, there is no clear evidence in terms of job creation. Another recent review⁵⁾ shows that business support services and targeted support subsidies can contribute to employment generation if they are demand driven, tailor-made and focused on a specific sector, which is the explicit intention of CBI's support to BSOs.

For which firms does it work best?

A disaggregate analysis of the 2014/15 survey data shows that CBIs business support seems, more effective for agricultural firms, especially in marketing and quality assurance. This is promising given that more than 50% of CBIs portfolio relates to agriculture⁶⁾. The effectiveness is higher for bigger firms.^{6) 8)} The (ongoing) case studies in six countries seem to confirm this, but also highlight that the relevance and additionality of the support might be higher for these smaller firms.⁷⁾ This gives food for reflection given the apparent trade-off between effectiveness and relevance of the support.⁸⁾ Next rounds of data collection will provide more data to explore this trade-off. Interestingly CBIs contribution also is bigger in Least Developed Countries (LDCs), especially in areas of general management, human resource management; and technological improvement in product or service delivery.¹⁾

What is next?

The yearly data collection with the PRIME online surveys will strengthen the evidence-base behind the support and facilitate counterfactual analysis with a cohort analysis. In 2016 the missions to the case study countries will provide more information on the main barriers and enablers of effectiveness.

References:

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