

# **EVALUATION REPORT FOR PACIFIC BUSINESS MENTORING PROGRAMME**

***Commissioned by the New Zealand Ministry of Foreign Affairs and Trade for the  
New Zealand Aid Programme***

## **FINAL REPORT**

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## GLOSSARY OF ACRONYMS

The following acronyms are used in this report.

<i>Acronym</i>	<i>Description</i>
ADB	Asian Development Bank
BDS	Business Development Services
BMNZ	Business Mentors New Zealand
CEO	Chief Executive Officer
DAC	Development Co-operation Directorate
DTIS	Diagnostic Trade Integration Studies
FDI	Foreign Direct Investment
FTE	Full Time Employment
IFC	International Finance Corporation
KPI	Key Performance Indicator
NZ Aid	New Zealand Ministry of Foreign Affairs & Trade Aid Programme
PICs	Pacific Island Countries
PBMP	Pacific Business Mentoring Programme
PM	Pacific-based Mentor (local)
PNG	Papua New Guinea
PSD	Private Sector Development
SME	Small and Medium Enterprise
SOE	State Owned Enterprise
WB	World Bank
WTO	World Trade Organisation

## EXECUTIVE SUMMARY

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### *Background and Context*

Following the renewed emphasis in 2008 on sustainable economic development as a core driver in the NZ Aid Programme, the New Zealand Ministry of Foreign Affairs and Trade (MFAT) began exploring options for strengthening its engagement in economic development in the Pacific Island Countries (PICs). This included investigating what additional support might be required to bolster business success. It was identified that there was both a clear need for additional support for Pacific SMEs and entrepreneurs, plus an absence of a formal mentoring scheme in the Pacific.

In February 2010 MFAT signed a 3-year Grant Funding Arrangement (GFA) with Business Mentors New Zealand (BMNZ) for the Pacific Business Mentoring Programme (PBMP), with the programme being rolled out over this period in the Cook Islands, Tonga, Samoa, Vanuatu, Solomon Islands, Fiji, Papua New Guinea, Kiribati, Tuvalu and Niue.

The overall goal of the PBMP is to assist Pacific entrepreneurs to manage and grow their businesses in a way that supports sustained increases in production and employment over time. The outcomes of the evaluation are to inform funding and programme decisions around the future of the PBMP from January 2013.

### *Summary of key findings and recommendations*

#### *Key Findings:*

There are a number of overarching findings with regard to the PBMP. These in turn lead into the proposed set of recommendations.

The programme has, as per its original design, grown at an exponential rate not only in terms of the number of participating countries but also the number of NZ mentors and the number of client companies (sometimes referred to as mentees)

The back office operations of the programme managed by BMNZ in Auckland have also grown in size and complexity over the intervening period since inception. There is currently 5 staff dedicated to the programme with part-time or ad hoc support coming from other members of the BMNZ staff.

The programme has also developed a fully-fledged training programme, which is managed and delivered by an independent training provider (who has close links with the NZ mentoring). This programme has 4 trainers providing part-time services.

Most recently the programme has moved into a new area of providing mentoring support to SOEs in Samoa and Cook Islands. At present there are three mentors delivering this component to a total of 6 SOEs.

The programme has a total budget of NZ\$5,898,456. This has been steadily increased through contract variations during the three years of operations as the programme has been rolled-out

across the Pacific Islands, and as new components were added, being the training programme and the pilot mentoring to State Owned Enterprises in two countries and the expanded PBMP in Fiji and Papua New Guinea.

The PBMP has achieved a number of landmark deliverables in line with its mandate of providing business mentoring advice to a wide range of enterprises across the PICs. There is a considerable body of information that illustrates the activities to date and in various formats and reports there are profiles of success stories. These are also described in some detail in the programme's periodic progress reports.

This evaluation endorses the concept of the PBMP. It does however focus more on what lessons have been learnt during this first phase of the programme and what improvements or modifications to delivery could potentially be made that could enhance the success of the programme going forward.

As an overarching assessment it is clear that the PBMP has achieved its **immediate** outcomes during this first phase of operations. It has also demonstrated where it has achieved some **intermediate** outcomes with the enterprises being mentored. There is evidence that business improvement outcomes are being realised with most clients.

#### *Key Recommendations:*

The following is a **summary** of the main recommendations arising from the evaluation. The full statement for each recommendation is covered in the appropriate section of this report. Recommendations are categorised as Strategic to the future scope of the PBMP, and Operational in relation to specific adjustments to how the programme is delivered.

#### Strategic Recommendations

1. It is recommended that the PBMP be funded for a second phase.
2. Scenario Two should inform a second phase, as described in the Sustainability section of this evaluation. This would focus on enhanced prioritising of sectors by country, more robust selection of new clients to ensure commitment and business potential, and the deepening of support to existing clients through more specialised mentor interventions. Quality of impact should take precedence over quantity of clients.
3. Depending on resources and proposed duration of a second phase, consolidation/scale back/scale up of clients in the individual countries should be incorporated into the next phase.
4. The training programme should be continued, with an enhanced focus on ensuring impact. The SOE programme should be reviewed in detail towards the end of the pilot phase, before decisions are taken to close or extend.
5. It is recommended that the KPIs for the PBMP should be modified to increase validity and attribution. The survey of client satisfaction on quality of mentoring and improvements to business processes (planning) should be undertaken separately from the quantitative economic impact assessments. Alternative mechanisms should be put in place to undertake the necessary monitoring that ensures value for money, accuracy and validity of results.

6. It is recommended that BMNZ re-engage with the current local Agents but to reformulate the relationship into one that increases their sense of local ownership and partnership.
7. It is recommended that based on a re-design of the programme that each budget line item should be reviewed by MFAT in consultation with BMNZ and cost savings be clearly identified where possible, as indicated in this evaluation.
8. It is recommended that the SOE programme needs to be carefully managed to ensure all key stakeholders are well-informed on progress. NZ Post and MFAT should have a higher profile in the oversight of this component.

### Operational Recommendations

1. It is recommended that the current quota system that aims at 10 clients per mentor be re-assessed. With a restructuring that focuses on quality of impact, clustering of clients and sectors, and with more targeted support it is possible that mentor visits could be increased to a frequency of every 4 months. This would need to be assessed based on a country-by-country basis, cost implications and mentor availability.
2. It is recommended that the training programme should remain at its current level of input, but future demand should be carefully monitored by BMNZ in conjunction with the local Agent.
3. It is recommended that consideration be given to reviewing the payment system for the mentors. Mentors should receive the current honorarium for each visit they make.
4. It is recommended that a fee for mentoring should not be introduced for the PBMP, as the indications are that it would be counter-productive. However a nominal fee for participation in the training programme, after the first free training week, should be introduced for all companies that participate in a second, or more, training event.
5. It is recommended that the information garnered by the training needs assessment should be gathered as early as possible in the overall client support process. Consideration should be given to it being administered by the business mentors when they have their first meeting with the clients, and then provided to the training mentors for planning purposes.
6. It is recommended that a more formal and systematic process be put in place that links the clients, their mentors and the local financial institution providing credit to the client, recognising that this would need to be with full agreement on a client-by-client basis.
7. It is recommended that greater emphasis be placed on networking of clients during the mentoring visits, with an active role taken by the local Agent.

# 1. BACKGROUND

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## 1.1 Context of the Programme

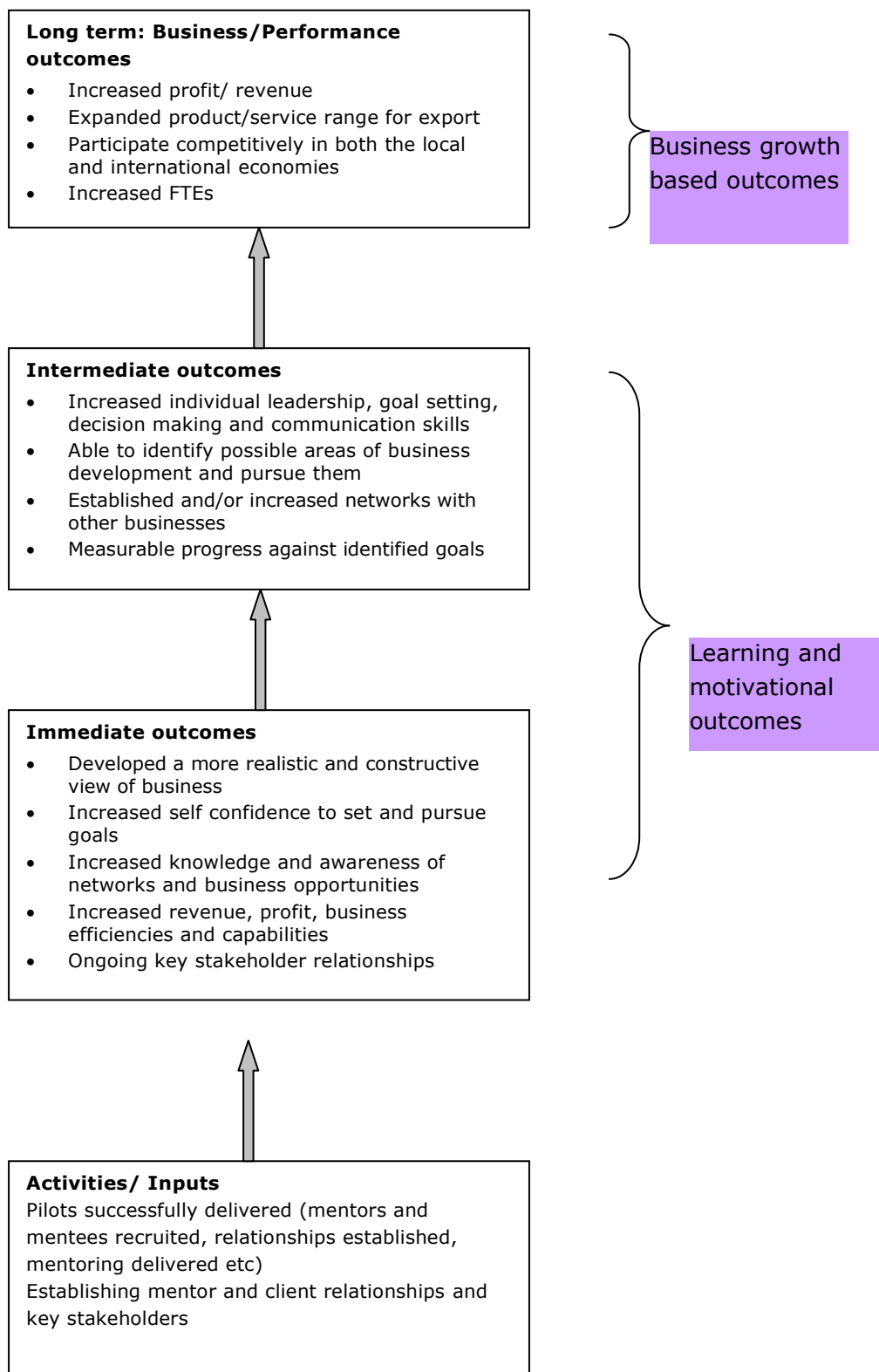
In February 2010 the New Zealand Ministry of Foreign Affairs and Trade (MFAT) signed a 3-year Grant Funding Arrangement (GFA) with BMNZ for the PBMP, with the programme being rolled out in the Cook Islands, Tonga, Samoa, Vanuatu, Papua New Guinea, Solomon Islands and Fiji over the period May 2010 to March 2012. Kiribati, Tuvalu and Niue have had initial missions to bring them into the programme and these took place from June to September 2012. A Training Programme was added to the PBMP in mid-2011 and covers all the countries in which the PBMP is active. The PBMP was further extended with the introduction of a pilot scheme in the Cook Islands and Samoa to begin mentoring the Chief Executives of State Owned Enterprises (SOEs) in each country.

The evaluation is being undertaken to inform funding and programme decisions around the future of the PBMP from January 2013. The evaluation will take into account the diversity in the operating environments of each partner country.

The figure below provides an overview of the range of outcomes the programme was intended to achieve against a hierarchy of the outcomes model. The programme is predicted to result in increased business knowledge, skills and awareness of market influences for clients, as well as having an impact on community capacity through building the capability of the SME business segments in the participating countries. Wealth creation, economic development and employment generation were overarching goals of the programme.

## 1.2 Overview of Results Logic

The PBMP's outcomes and rationale is illustrated by the following chart:





The project logic of the programme as per the Grant Financing Agreement (GFA) was as follows. A general assessment of Results against Actions is presented:

	Actions	Indicators	Overall Results <sup>1</sup>
<b>Goal</b>	<b>To assist Pacific entrepreneurs to manage and grow their businesses in a way that supports sustained increases in production and employment.</b>		
<b>Objective 1</b>	Strengthen business management and empower Pacific businesses to participate competitively in the local and international economies.	<ol style="list-style-type: none"> <li>1. BMNZ rolled out in 11 PICs over three years.</li> <li>2. PBMP functioning effectively.</li> <li>3. BMNZ website functioning effectively and accessible in each PIC.</li> <li>4. BMNZ Pacific Agent is proactive in their role and promotes and assists the development of PBMP.</li> <li>5. Pacific Administrator is proactive in the role and supports Clients and mentors under the PBMP.</li> <li>6. Management structure for PBMP is effective.</li> <li>7. Relationships functioning in full support of PBMP.</li> <li>8. MFAT and stakeholders satisfied with progress being made.</li> <li>9. Businesses feel empowered and able to demonstrate increased understanding and application of business management best practices.</li> <li>10. Production (output of goods and services) and employment in the private sector increases.</li> </ol>	<ol style="list-style-type: none"> <li>1.1 The roll out has been achieved in 10 PICs over the three years. It was agreed that Tokelau would be put on hold.</li> <li>2.1 The PBMP is fully operational in 7 countries, with 3 other countries having been initiated since June 2012.</li> <li>3.1 The BMNZ website is functioning and is accessible to each country programme</li> <li>4.1 &amp; 5.1 PBMP Pacific coordinators have been appointed and promote and assist the development of the programme. Also provides some support to the clients and mentors.</li> <li>6.1 The management structure for PBMP is in place and effective in most aspects of its tasks.</li> <li>7.1 To be determined by evaluation</li> <li>8.1 To be determined by evaluation</li> <li>9.1 There has been significant empowerment of enterprises and improved business management by those firms that have been mentored and taken part in the training programme</li> <li>10.1 Measurement of clients' sales and employment is undertaken by a periodic client survey.</li> </ol>

<sup>1</sup> As of October 2012.

	<b>Actions</b>	<b>Indicators</b>	<b>Overall Results<sup>1</sup></b>
<b>Activities</b>	<ol style="list-style-type: none"> <li>1. BMNZ Pacific Regional Manager appointed.</li> <li>2. BMNZ Pacific Agent identified and contracted in 11 PICs.</li> <li>3. Pacific-based Administrators appointed in 11 PICs and trained in their role.</li> <li>4. 320 Clients established over 3 years = 40 Clients in 8 larger PICs.</li> <li>5. 40 NZM recruited and trained, 5 in each of 8 larger PIC.</li> <li>6. Up to 40 Clients established overall in Niue, Tuvalu, Tokelau.</li> <li>7. Up to 5 NZM recruited and trained, 2 each for Niue, Tuvalu, and 1 for Tokelau.</li> </ol>		<ol style="list-style-type: none"> <li>1.1 Appointment Completed</li> <li>2.1 Agent Contracted in 9 countries</li> <li>3.1 Administrators appointed and some training has been provided in New Zealand to the Agents from 7 countries</li> <li>4.1 Approx. 500 clients in 7 countries</li> <li>5.1 50 NZM recruited and trained.</li> <li>6.1 In progress. Tokelau on hold.</li> <li>7.1 In progress.</li> </ol>
<b>Output/ Outcomes</b>	<ol style="list-style-type: none"> <li>1. The PBMP is established in 11 PICs over three years.</li> <li>2. Measureable improvement to production (sales revenue) and employment, with sustainable growth being demonstrated.</li> <li>3. PBMP is recognised in the region as effective and of value.</li> <li>4. The contribution of PBMP to private sector development can be verified.</li> </ol>		<ol style="list-style-type: none"> <li>1.1 Fully established in 7 countries with initial establishment in progress in 3 more.</li> <li>2.1 Survey in place to measure KPIs with positive trends being reported. Sustainable growth needs to be defined in order for demonstration to occur.</li> <li>3.1 PBMP is recognised in target countries as having effect and is of value to PSD.</li> <li>4.1 PBMP is contributing to client's business development.</li> </ol>
<b>Objective 2</b>	Identify and train PMs to ensure sustainability and ownership of the PBMP.	<ul style="list-style-type: none"> <li>▪ Recruitment process for PMs transparent and effective against agreed criteria.</li> <li>▪ PMs trained and supported in their role by BMNZ.</li> <li>▪ PMs understand and execute their role in promotion and sustainability of the PBMP.</li> </ul>	Initial activities in this regard were undertaken in a few countries but no substantive progress to date due to a number of constraints.
<b>Activities</b>	<ul style="list-style-type: none"> <li>• Appoint 10 PMs in each of the large 8 PICs against agreed criteria.</li> <li>• Train mentors in their role.</li> <li>• BMNZ continue to support PMs in their role.</li> </ul>		Not done to any significant degree.
<b>Outputs/ Outcomes</b>	<ul style="list-style-type: none"> <li>• Pacific Clients welcome the advice and assistance of PMs.</li> <li>• Increased number of Clients mentored by PMs.</li> <li>• PBMP operates beyond the period of BMNZ support.</li> </ul>		Not done.

## 2. PURPOSE, SCOPE AND OBJECTIVES OF THE EVALUATION

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### 2.1 Purpose and scope

The purpose of the evaluation is to recommend whether the current effectiveness, efficiency, relevance, sustainability and impact of the PBMP provides sufficient rationale/justification for future funding support for BMNZ by MFAT for a Phase Two of a PBMP.

This Phase Two could include:

- New or amended activities/interventions;
- A different geographic coverage for the activities; or
- New operating models in terms of working with other business service and delivery providers.

The scope of the evaluation is as follows:

- **Geographic focus:** The geographic focus for the evaluation is Tonga, Samoa, the Cook Islands, Vanuatu, Solomon Islands, Fiji and Papua New Guinea. It is noted that Papua New Guinea, Fiji and Solomon Islands joined the programme between August 2011 and March 2012. Kiribati, Niue and Tuvalu joined the PBMP in the second half of 2012. Although the Evaluation will be evaluating the PBMP in its entirety, country specific issues, nuances and recommendations will be actively considered.
- **Target groups:** The two key target groups are the business mentor clients and the 'Agent'. The agents are the Chamber of Commerce contracted in each country to deliver the programme.
- **Activity parameters:** This evaluation will consider the full length of engagement between MFAT and BMNZ from the initial conceptual stage, through planning, negotiation and agreement, and implementation. The evaluation will look at all components of the programme including the mentoring of the Chief Executives and Senior Managers of State Owned Enterprises (SOEs). It is noted that the SOE programme has only recently entered an implementation phase.
- **In-country visits:** The Evaluator will conduct in-country visits as part of the Evaluation. The countries to be included in the in-country visits will be Samoa, Vanuatu and the Cook Islands.

### 2.2 Objectives and evaluation questions

The Evaluation will assess all five DAC evaluation criteria: Relevance, effectiveness, efficiency, sustainability and impact. Detailed evaluation questions for each of these themes were developed and are presented in the Evaluation Plan in Appendix 2.

### 2.3 Methodology

The PBMP has been evaluated in its entirety, but country specific issues and recommendations were actively considered as part of this evaluation. The evaluation took account the diversity in the business and economic environments of the PICs, and through the fieldwork in three of the

partner countries it was able to assess the different challenges and opportunities faced by the programme in specific contexts.

There was close consultation with BMNZ, the PBMP programme management and the local Agents of the PBMP in undertaking the evaluation. A broad range of key stakeholders, mentors and clients were interviewed and surveyed during the evaluation process.

A. Field missions were undertaken to Cook Islands, Vanuatu and Samoa. The duration was 5 working days per country. Mission comprised:

- Meetings with PBMP Agent (usually Chamber CEO) and Programme Local Coordinator in each country to review design, efficiency, effectiveness, impact and sustainability. Interviews were also held with Agent's senior leadership such as Chamber President and Committee Members.
- Face to face interviews with representative sample of clients who have received mentoring services. On average 15 clients per field-visit country were interviewed face-to-face. They were drawn from different business sectors and represented both male and female owned/managed enterprises.
- Interviews with other key stakeholders including banking sector, and relevant Government departments, other private sector representative bodies, and donors (if any) working in PSD. This assisted in cross-validating the perceptions and findings from the Agents and Clients.
- Interviews with senior personnel at NZ Aid Post in each of the countries visited.

B. Detailed briefings and discussions were held with the BMNZ PBMP team based in Auckland. The MFAT project officer participated in the initial briefing with the BMNZ PBMP manager.

C. Face-to face and telephone interviews were held with 7 mentors in New Zealand. Telephone interview was held with the training programme provider.

D. A questionnaire survey was sent by email to all of the PBMP mentors with a response from 38 of the 48 mentors.

E. A questionnaire was sent to each of the Agents (Chambers) in the countries that were not visited during the fieldwork. A questionnaire was also sent to NZ AID Post in these countries. All Posts responded and only 1 Chamber did not respond due to extenuating circumstances.

F. An email notification advising of the evaluation was sent to all of the clients (businesses) participating in the PBMP. The clients were asked to provide any comments they might have on the programme.

## **2.4 Limitations of the evaluation (and the effect of these on the evaluation)**

The evaluation only undertook fieldwork in three of the seven countries currently receiving mentoring services. It also did not visit the two countries where the programme is under formulation. This could limit the range of views about the conditions pertaining to the circumstances prevailing in each country.

Secondly the amount of time spent in each country enabled a reasonable sampling of the actual clients but did not allow time to see every client, which meant that some possibly useful anecdotal evidence was not gathered. However, multiple sources of information were assessed including all of BMNZ's progress reports, a wide range of project documentation, input from a significant number of mentors and key stakeholders.

Thirdly there was some ambivalence about how to approach the SOE component as it has only been recently launched in the two pilot countries. A limited amount of time was spent on this component and certainly a more detailed review of the SOE component is required at an appropriate juncture.

### 3. FINDINGS AND OBSERVATIONS

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#### 3.1 Relevance

##### 3.1.1 The Business Environment in the Pacific

NZ Aid has economic development in the Pacific as one of its core pillars, and underpinning this is support to private sector development as the anticipated engine to growth.

All key actors confirm that the concept of the Business Mentors is relevant to and in accordance with the strategic direction of NZ Aid support. The Posts in the relevant countries concurred with this view and that PSD support continued to be relevant.

To varying degrees the private sector in all of the Pacific countries is under-developed compared to that seen in countries such as New Zealand and Australia. This is not only with regard to size of assets with most large companies in a Pacific country being only equivalent to a small to medium sized company in a developed economy. The governance structure, depth of management skills and financial sophistication tends also to be much less robust.

A further constraint is that nearly all of the businesses face externalities that do not usually concern a business in a developed economy to the same degree, or are exacerbated by the remoteness and small size of the PICs. These include:

<b>State Involvement in the Economy:</b> Governments in the Pacific have established and maintain heavily bureaucratic regulatory regimes and own large part of business enterprises. The most important of these, namely electricity, airlines, telecommunications, trading companies are protected monopolies. Poor governance, and a lack of competition stifle capital inflows.
<b>Poor Provision of Public Goods:</b> The state does not supply public goods which foster secure property rights, efficient and low-cost infrastructure, and regulations that are transparent and efficient, thus contributing to the development of a vibrant private sector
<b>High-Cost Operating Environment:</b> The costs of doing business are high and business start-ups are difficult.
<b>Underdeveloped Financial Markets:</b> The financial markets are underdeveloped and do not provide enough support to the private sector. A big challenge is the lack of access to credit, meaning enterprise growth is constrained. Bank interest rates for corporate borrowings also tend to be significantly higher than in New Zealand or Australia.
<b>Land Rights Issues:</b> Land rights and the distribution of rents from land is a contentious issue in the Pacific and no clear framework regulates land rights. 90% of land remains under customary ownership without formal ownership, and thus cannot be used as collateral for loans. This has implications for private sector development.
<b>Physical Constraints:</b> Vulnerability to natural disasters, geographic remoteness and resource limitations,
<b>Limited Vision:</b> Businesses tend not to move beyond the involvement of intimate circles of family, friends and neighbourhood affiliates. Business owners are heavily engaged in day to day business survival with little time for strategic planning.

However it is essential to recognize that the business sectors in each country exist within a continuum of these challenges and also opportunities. Each country has its distinct economic structure, strengths and weaknesses.

For example, the latest World Bank Ease of Doing Business report (2012) covers 185 countries. A high ranking on the ease of doing business index means the regulatory environment is more conducive to the starting and operation of a local firm. Singapore ranked first and Central African Republic ranked last.

The rankings for the PICs<sup>2</sup> are as follows (out of 185):

Samoa	57
Fiji	60
Tonga	62
Vanuatu	80
Solomon Islands	92
Papua New Guinea	104
Kiribati	117

It is a facet of the original design of the PBMP that to a significant degree the same mode of delivery was applied in each country without fully recognizing the country specific context. There is scope for operational flexibility in the programme.

The WTO supported Diagnostic Trade Integration Studies (DTIS) which are undertaken on less developed countries as part of the multi-donor Integrated Framework provide detailed analyses of the economic structure, enabling environment and competitive opportunities in Samoa, Solomon Islands, Tuvalu, Vanuatu and Kiribati. These types of studies can be used by BMNZ in collaboration with the local Agents to develop an even more targeted approach to enhance economic development through the delivery of the mentoring service. To cite a few examples from the DTIS:

- The importance to diversify and add value to Samoa's export base as it moves towards graduating from LDC status in 2014, of which improving product quality is a key requirement
- Samoa's niche agro-processed organic products has scope for growth
- Advice on tourism destination marketing and promotion and market diversification is essential for most PICs, with a focus on increasing tourism yield
- Attention to emerging service sectors such as financial and professional services show scope for growth for example in Samoa, Vanuatu, Cooks Islands and Fiji
- Provide support to fish processing and aquaculture related business in countries such as the Solomon Islands, Fiji and Tonga
- In very small economies such as Kiribati with strong traditions of collectivism and public co-operation close attention needs to be placed on the relationship between the public and private sectors, and the challenges faced by any private sector led growth. Tourism has the most potential for development through yield-based strategies.

### 3.1.2 Observations

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<sup>2</sup> Not all PICs are covered in the report.

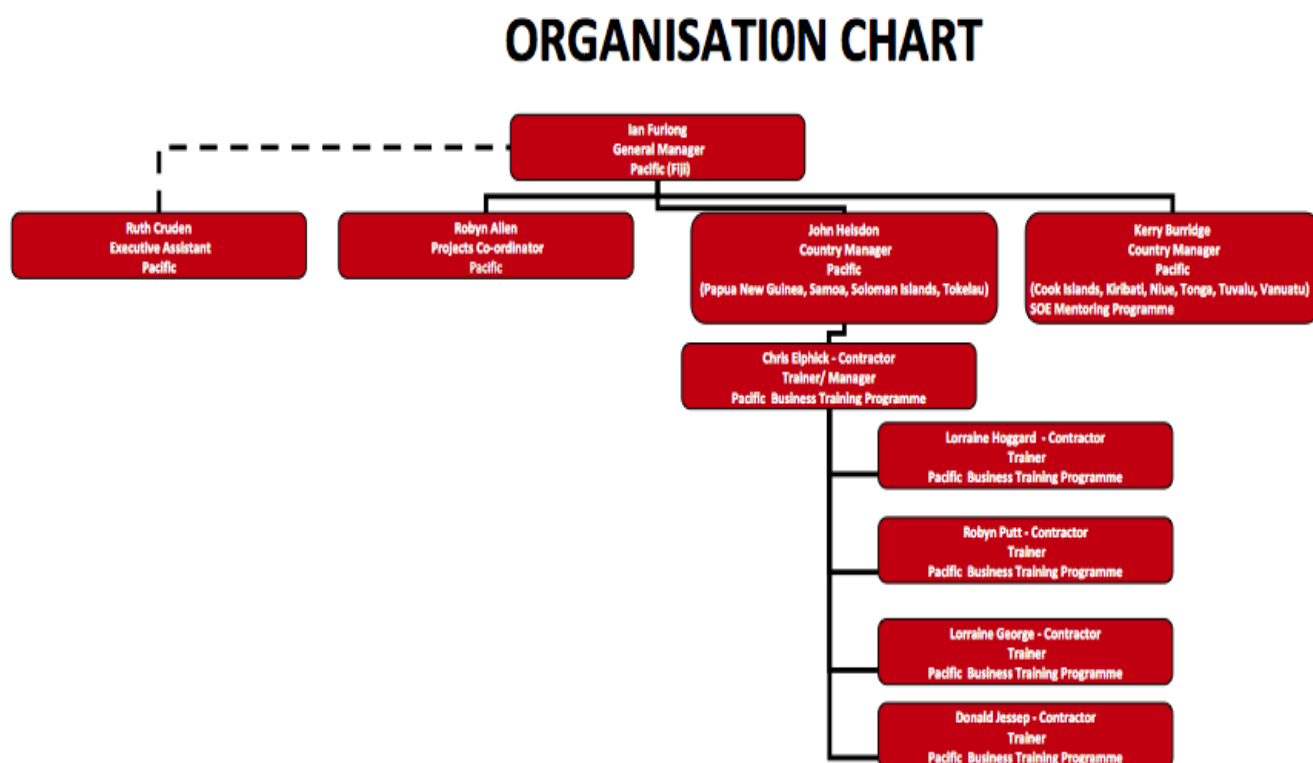
The overarching observation is that even closer attention needs to be paid to the current structure of the private sector in each country, and assessing where the greatest opportunities lie for growth based on a prioritised approach that is in line with national development strategies.

There is a wealth of available research and economic studies that can inform NZAID and BMNZ in the future design of a second phase to the programme that should take an even more sector and sub-sector specific approach.

### 3.2 Efficiency

#### 3.2.1 Organisation and Delivery

The PBMP is managed by BMNZ from its Auckland head office. BMNZ has increased its compliment of staff working on the programme as the programme has grown over the last two years. Its current organizational structure, which includes the contracted trainers, is as shown below:



The usual delivery approach to bringing a country into the programme has been as follows:

1. Scoping mission by PBMP manager and CEO of BMNZ
2. Establishment mission by PBMP Manager, CEO of BMNZ and Country Support Manager

On some occasions the scoping and establishment mission has been combined into one trip.



3. First visit by the mentors accompanied by the Country Support Manager (or in some instances the PBMP manager)
4. Every 6 months subsequent mentor visits accompanied by Country Support Manager
5. Every 6 months approximately three months after the first mentor visit the Training mission is undertaken with two trainers per mission.
6. Each country is visited at three monthly intervals by alternating mentor or trainer teams.

For 2012 Calendar Year approximately a total of 42 weeks of mentoring and training will be delivered to 10 PICs (excluding scoping and establishment visits by PBMP management). Annual workplans are prepared in advance which outline each trip description and team participants.

### 3.2.2 Budget & Expenditure

The PBMP was initiated in February 2010 with a GFA of NZ\$953,549 for the first year of operations. Indicative budgets for Year 2 and Year 3 were NZ\$1,171,922 and NZ\$1,473,950 respectively.

Subsequently there have been 5 contract variations as follows:

- LOV 1: October 2010, reallocation of unspent funds of NZ\$43,596 for Business Support Training Pilot. Fiscally neutral.
- LOV 2: January 2011, budget approval for Year Two of NZ\$1,589,415 (approx. NZ\$417,000 more than original GFA budget) The increase in budget was mainly due to the addition of the Training Programme and the expansion in the PBMP national office administration services which increased from NZ\$281,000 to NZ\$532,000, including the hiring of additional Country Managers.
- LOV 3: May 2011, reallocation of unspent funds of NZ\$58,990 to Training. Fiscally neutral.
- LOV 4: October 2011, increased funding for upscaling of the PBMP in PNG and Fiji and introduction of the pilot SOE mentoring programme into Cook Islands and Samoa. Cost of variation NZ\$971,964. Approx. NZ\$580,000 was for the upscaling, NZ\$291,000 for the SOE programme and NZ\$100,000 for additional national office overhead costs. Included in the upscaling and SOE budgets was an additional NZ\$190,000 for programme management, finance and administration by PBMP, as the programme rolled out.
- LOV 5: January 2012, budget approval for Year Three of NZ\$2,384,826. This variation in effect covers the programme to its completion in January 2013. (Budget is approx. NZ\$910,000 more than original GFA indicative budget). This reflects the roll-out of the programme encompassing increased mentoring and training. It is of note that the total revised budget in Year Three for programme administration and contribution to national office costs is NZ\$1,069,620<sup>3</sup> which is 32% of the total annual budget. In the GFA it was anticipated that this cost would be NZ\$289,000 (20% of budget). The national office cost contribution has increased from \$80,000 in Year One to \$241,000 in Year Three.

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<sup>3</sup> Budget line headed "National Office" in July 2012 budget reconciliation to MFAT

#### Year One GFA

Office rent and utilities cost for 2 staff + ACC levy Kiwi saver	\$35,000
Contribution to National Office costs	\$80,000
Communications + IT equipment and licenses	\$10,000
<b>Total:</b>	<b>\$125,000</b>

Source: GFA

#### MFAT Revised Budget Yr 3

Share of National Office Costs	150,000
Share of Rent & Utilities	93,500
Share of Communication & IT - National Office	62,000
Share of Printing & Stationery - National Office	35,500
<b>Total:</b>	<b>\$341,000</b>

Source: BMNZ Budget report to MFAT July 2012

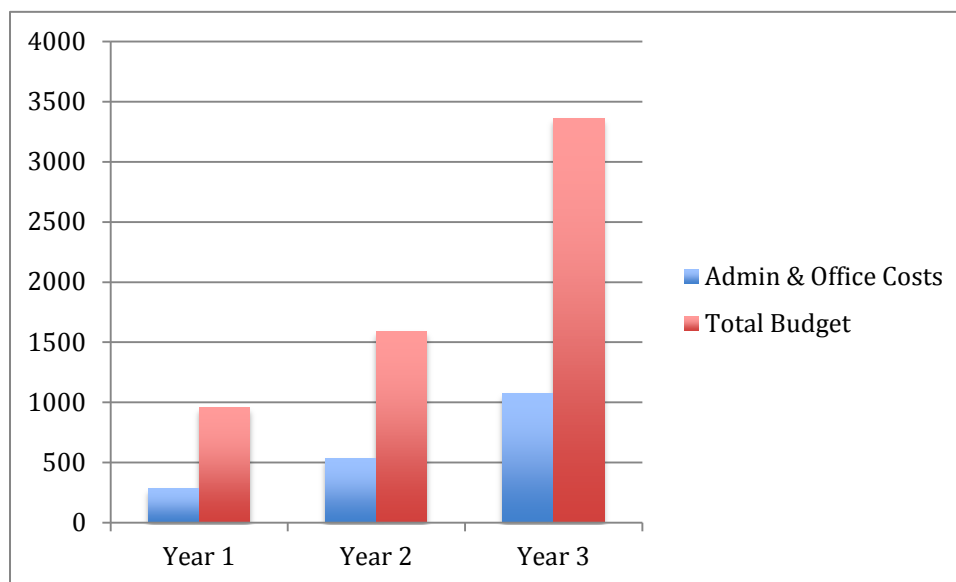
The total projected cost of the PBMP over the period 2010-2012 is budgeted at NZ\$5,898,456. The original indicative budget (under a somewhat different set of conditions) was NZ\$3,599,421. The original GFA did not foresee the escalation in costs as the programme was rolled-out and expanded.

PBMP reports on expenditure on a 6 monthly basis to MFAT. This includes a financial acquittal report as well as a reconciliation of expenditure against the agreed Budget. This reconciliation shows budget line items, actual expenditure to reporting date and any variances.

#### 3.2.3 Value for Money

A programme such as PBMP is difficult to assess from a value for money perspective because there is no directly comparable programme operating in the PICs. The original programme document made reference to the Australian Business Volunteer programme and BMNZ stated that it operated at a cost per client of \$3,628 compared to ABV of \$19,572, and administration costs were 19.8% compared to 44.2% for ABV. The original GFA budget showed an overall indicative administration cost of about 24% for the PBMP, ranging from 29% in the first year and then declining to 20% by Year Three.

Based on the current programme budgets the anticipated administration cost for the PBMP is about 33% (anticipating about 600 clients for the programme by January 2013 – there were 494 as of 31 July 2012).



PBMP Actual Budgets in NZ\$'000

The "back office" costs and staff complement have scaled up in proportion to the expansion of the programme. The major ticket items that have appeared in all of the annual budgets are as follows:

<i>National Office Costs</i>	<i>Year One (NZ\$)</i>	<i>Year Three Revised (NZ\$)</i>
Pacific Manager (s)	85,000 (1)	365,000 (3)
Pacific Administrator (s)	60,000 (1)	145,000 (2)
Share of National Office Costs	80,000	150,000
Share of Rent & Utilities	35,000	93,500

It is with considerable caution that a comparison could be made to the cost of delivery of one-on-one business support services if the clients purchased such services from a professional service provider in their own country. The amount of one-on-one time each client receives from the mentoring programme is very difficult to gauge but is estimated to be in the region of 4 to 6 person-days in total, excluding the training programme which is primarily group training in modules. One-on-one sessions are held with the new participants to undertake the training needs analysis.

The training programme has a total budget of NZ\$266,455. The programme reports do not give statistics on how many different people have participated in training (i.e. do not show if for instance the 10 people who attended module one were the same 10 people who attended module 2 etc) but on average about 20 people attend each training week and by the end of 2012 there will have been 25 training weeks delivered in total by the programme. Each training week costs about \$10,000 and the average cost per participant is about \$500.

Because the mentors provide their time at very little cost (they receive a very modest honorarium) and the trainers also do not charge commercial rates the perception is that the PBMP is a low cost volunteer programme. However the significant travel, per diem and back

office support costs to deliver the programme across the 10 PICs places the PBMP in what could be described as the moderate cost category. There are also a large number of possible permutations between for instance the PBMP model and a full "commercial consultancy" model that remains undefined. BMNZ itself is a contractor that is being remunerated for the services it provides, so to that extent they are one form of a commercial model.

The key aspect of value for money is the effectiveness and impact of the programme and these issues are covered in the following sections of this report.

#### 3.2.4 Comparative Mentor Programmes

There are other mentoring programmes operating elsewhere but a brief literature review indicates that most of these are operating in developed economies.

The New Zealand Business mentoring programme that was established in 1991, which in turn was based on the "Business in the Community" concept that originated in the UK in the late 1970s.

A similar programme has been operational in Scotland. The Business Mentoring is a partnership between Scottish Chambers of Commerce and Scottish Enterprise. The Business Mentoring, a free service, aims to match a business's needs and objectives to one of the Chamber of Commerce's large pool of mentors whose knowledge, skills and experience will help to turn businesses' dreams into reality.

The Scottish Enterprise conducted a review of Women's One-to-One and Group Business Mentoring programme. The purpose of the review was to identify and examine findings to inform the assessment of future financial options and the development of a way forward for the programme. The full report is available for download [here](#).

The British Council operates an initiative, The Knowledge Transfer Partnership in the UK that has a project termed the Africa Knowledge Transfer Partnership programme. However, unlike traditional business mentoring programmes that employs experienced business people as mentors, the AKTF assists businesses to improve their productivity and competitiveness, using the scientific knowledge, technology and skills available from Higher Education Institutions through collaborative projects. A review of the UK program is conducted annually and published [online](#). Click [here](#) for the latest report.

While a similar program exists in the US, the scope of its clients is narrower. The aim of US Mentor Protégé Program is to provide developmental assistance to Small Businesses, Service Disabled Veteran Owned Small Businesses (SDVOSB), Veteran Owned Small Businesses (VOSB) and Woman Owned Small Businesses. The intent of the developmental assistance is to enhance the capabilities of the protégé firms to perform as prime contractors and subcontractors on USAID procurements. Annual reviews are conducted in order to determine the success of the mentor-protégé relationship. Mentor and protégé firms enter into a written agreement outlining the protégé's needs and describing the assistance the mentor has committed to providing. The protégé's servicing district office evaluates the agreement according to the provisions contained in [The Code of Federal Regulations](#).

The public sector is not the exclusive sponsors of business mentoring initiatives. In a similar, yet ICT driven fashion, [Mentorsme](#), is an online portal aimed at small and medium enterprises, and is operated by the Business Finance Taskforce, which has been set up by the British Bankers' Association and is made up of five banks: Barclays, HSBC, Lloyds Banking Group, Royal Bank of Scotland and Santander. While the portal does not provide direct support to businesses, it provides interested parties with a single, easy to use search engine to locate organisations or individuals that provide mentor services that can cater to their specific needs. Another online portal dedicated to mentoring services is the [Association of Business Mentors](#). The aim of this not-for-profit Association is to protect and promote credible business mentoring in the UK.

In Australia, the Australian Business and Community Network provides free business orientated services to clients. However, their services are more geared towards the development of skills amongst students. They offer learners various practical programs geared towards business development.

With regards to reviews, Nesta, an independent charity that aims to help businesses, did a review of mentoring programs. The report focused on the body of literature relating to mentoring and a number of profiled comparative mentoring programmes in order to draw conclusions on the suitability of mentoring for creative entrepreneurs and in order to provide guidance towards a methodology of best practice in mentoring. The full report is available for download [here](#).

Another review of mentoring programs includes the "Mentoring in the Business Environment" study, undertaken by the (US) National Women's Business Council. This study examined existing, formal mentoring programs offered around the country to women entrepreneurs and small business owners. It compares program structures, how matches are made between mentor, protégée and peer groups. It offers insights into the relationship between business stages and program types, and it looks for uniqueness among programs geared specifically to women. The full report is available for download [here](#).

### 3.2.5 Observations

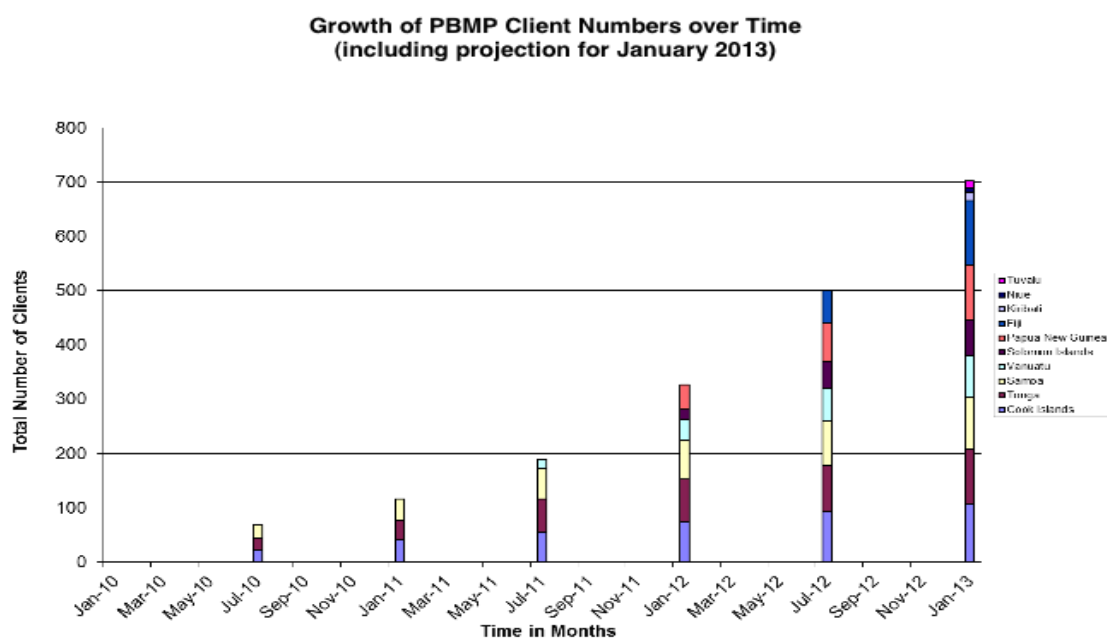
- The costs of scoping and establishment visits should be significantly reduced going forward which should see a cost reduction of at least \$100,000 per year.
- NZ mentor visit travel, accommodation and expenses is directly correlated to the number of clients/mentors/countries. Modifications to these numbers will have an equivalent impact on the budget upwards or downwards
- The SOE component is as currently structured is a relatively low cost item as going forward from 2013 it will only require one more trip by each mentor (3) to the two countries and visits by the 3 SOE CEOs to New Zealand for one week.
- A number of budget line items including website development, professional development seminars, development of local mentors, satisfaction outcome survey, staff recruitment, and share of all national office costs should be reviewed in detail by MFAT with BMNZ for any future contract post January 2013. The objective should be to achieve some meaningful cost reductions going forward.
- Depending on the future scope and size of the mentor programme in each PIC and the degree to which the programme will maintain the same format in each country,

consideration will need to be given to the retainers paid to each local Agent. This should continue to be differentiated based on assessed workload.<sup>4</sup> The Training programme costs are likely to stay in the same order of magnitude if the current structure is retained.

### 3.3 Effectiveness

#### 3.3.1 Mentor Programme

The PBMP has been highly effective in achieving its targets in terms of the numbers of clients that have entered the programme and received mentoring support. It has also been effective in achieving roll-out to the PICs. The growth in numbers of clients, mentors and target countries has been steady since the programme inception, as shown by the table below, which also indicates projected growth into early 2013.



<sup>4</sup> This is already the case where the programme is larger i.e. Fiji and PNG and similarly in smaller countries where the workload is lower i.e. Kiribati Tuvalu and Niue

The major needs of the enterprises seeking support was assessed through surveying the mentors involved in the PBMP. The chart below lists the key needs and the number of mentors that reported this need. Financial systems, business and market planning stand out as the key issues to be addressed.

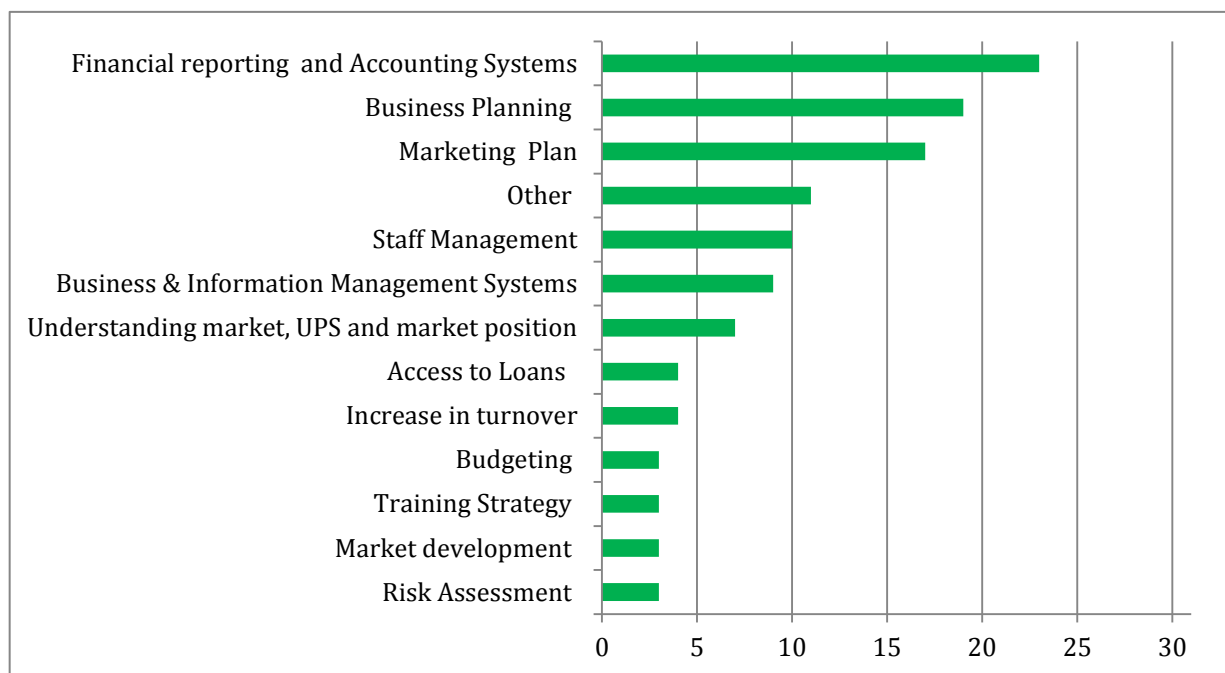


Figure 1: Major Business Needs Identified by Mentors

The mentors also reported on the major challenges they faced in delivering the programme in the PICs. Communicating effectively with clients, getting clients to address their financial issues, meeting the clients' expectation and logistical challenges when in country were the most frequent responses as illustrated in the chart below:

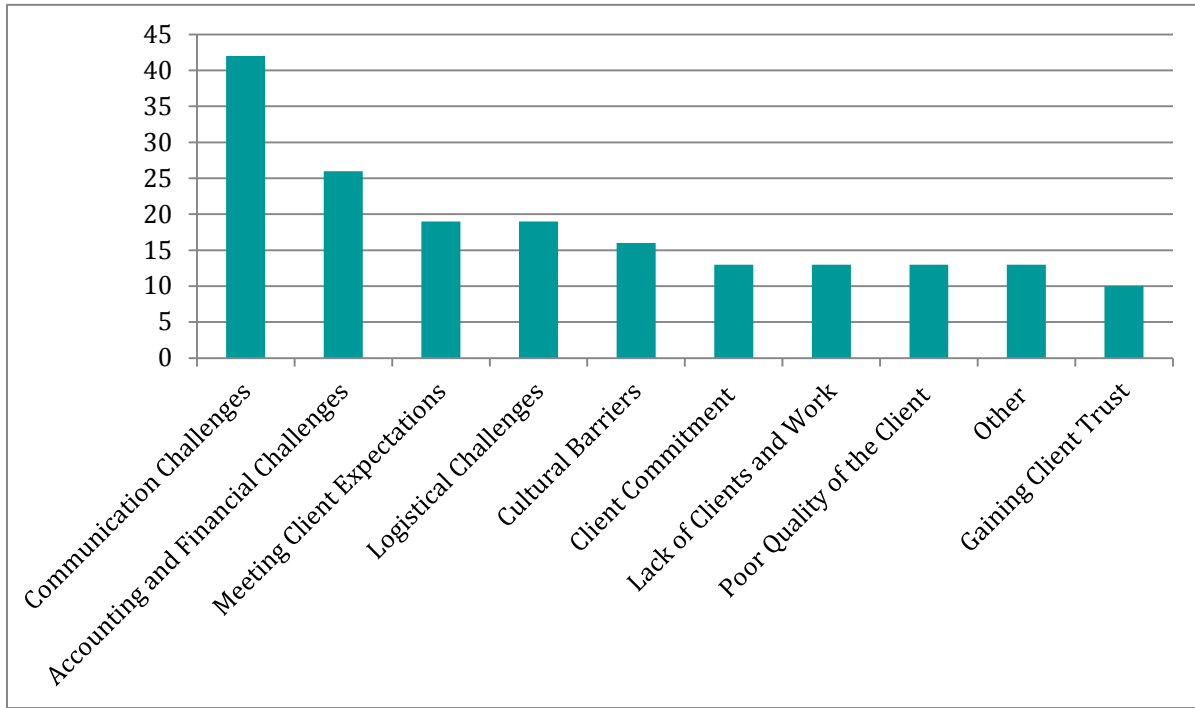


Figure 2: Percentage of Challenges to Programme Delivery Identified by Mentors

When looking at where the mentors felt they had made the most impact, there was a strong convergence with the identified needs with the significant addition of the mentors seeing an increase in the business confidence of the clients. The improvements are illustrated in the chart below:



Figure 3: Areas of Significant Client Improvement and Change Identified by Mentors



### 3.3.2 Key Performance Indicators

The agreed Key Performance Indicators for the PBMP, to be measured against baseline data, were as follows:

- Employees: Number of employee full time equivalent (FTE) working in the business including owners.
- Turnover: Annual sales revenue increased.
- Business Improvement: Increase in the number of businesses with business plans, marketing plans, budgets and financial monthly reporting.
- Export: Growth in export sales
- Businesses mentored: Number of businesses mentored.
- Client satisfaction: Client satisfaction shows continuous improvement.

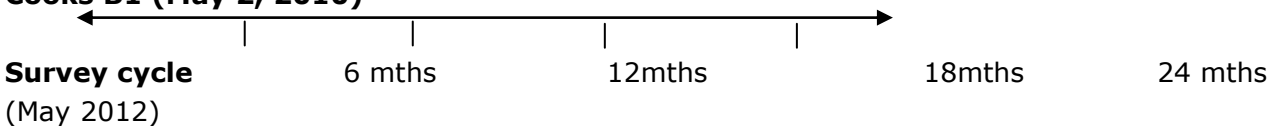
The main method of assessing these KPIs is through an independent on-line client satisfaction survey undertaken on behalf of PBMP. The survey is sent to each active client of the programme every 6 months.

The survey tool used for measuring the PBMP KPIs shows a positive trend across all KPIs. Details are presented in six-monthly reports with the latest at the time of the evaluation being August 2012.

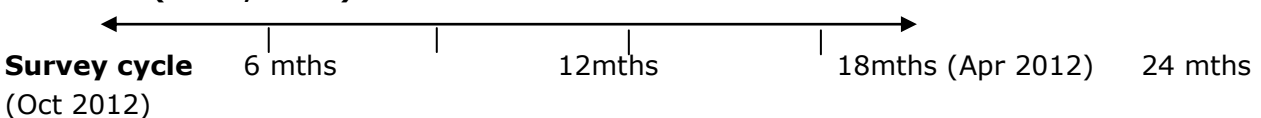
It is necessary to understand the scope and inherent complexity of the survey methodology. The survey is sent to every client after they have been in the programme for 6 months, and after their first visit by a mentor. The survey is sent automatically through a "tracking" database to each client.

The receipt of the survey is driven by the timeline of when the client is registered into the PBMP – it is not a survey undertaken at discreet periods of time across the entire client base but rather due to the roll-out process it means that at any one moment in time it is conceivable that a client is receiving a survey. Active clients then receive the same survey after 12 months, 18 months and 24 months. The table below is an example showing these longitudinal timelines:

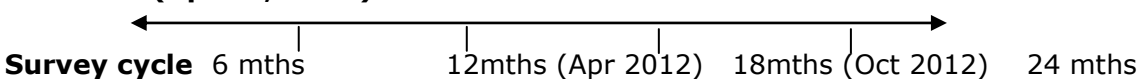
**Cooks B1 (May 2, 2010)**

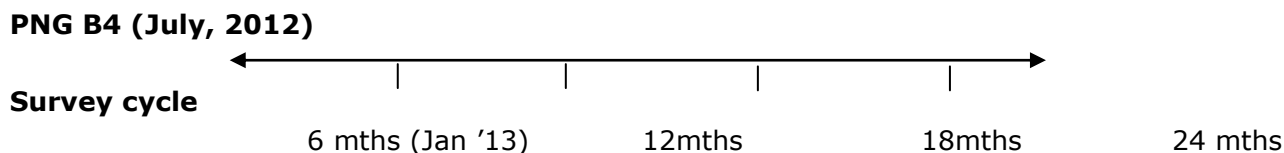
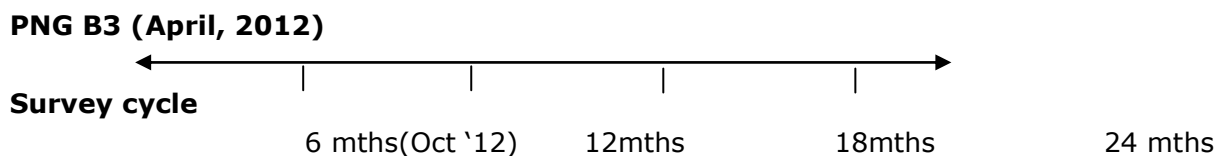
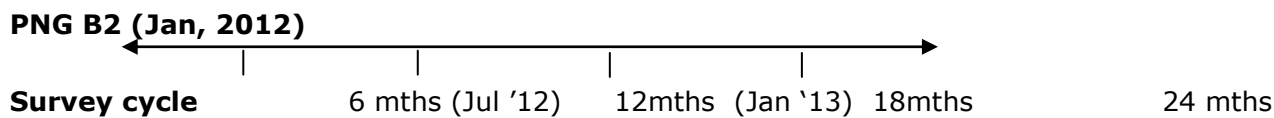


**Cooks B2 (Oct 2, 2010)**



**Cooks B3 (April 2, 2011)**





The survey is highly automated and if a client does not respond within a certain time frame then reminder emails are generated on two occasions. If there is still no reply then the local country coordinator is informed and requested to follow-up.

The analysis of the data is however done in periodic format to coincide with the reporting requirements of the BMNZ. It aggregates the information from the preceding 6-month period, analyses it and then creates trend lines for the entire programme and also by target country.

The survey is contracted out to an independent survey company that in turn uses an IT data management company to facilitate the “back-end” of the survey. The survey database itself is not accessible to BMNZ in order to maintain the independence of the process.

### 3.3.3 KPI Observations

- The total budget over the three years for the satisfaction survey is NZ\$104,000. This excludes the IT management costs that also support other aspects of the programme.
- The survey, while being highly sophisticated in design, and reasonably robust with regard to the customer satisfaction and non-numeric responses, does raise some attribution and verifiability issues with regard to the reported numeric data.
- A possible error arises in the numeric data as it concerns the question “local sales revenue” in that it asks the respondent to tick a particular value range. This in turn is compared to the baseline. The problem is that it says, “to be completed in your currency” but puts a \$ sign. In the case of respondents in Vanuatu, some do a conversion and put in a figure using NZ\$, others put in a figure in the local currency Vatu. The latest report dated August 2012 states that mean sales revenue at registration was \$375,000 and after 6 months of mentor match had risen to \$760,000 for the Vanuatu clients. These results raise two questions. Firstly is the data in NZ\$ or Vatu, or neither but rather just a numeric value? Secondly is achieving a doubling in revenue in such a short period of time possible given the business environment in the country? If the baseline information provided at registration by the client was inaccurate

then the validity of the reported improvement is questionable, which could lead to unrealistic results. The proposed way forward is to try to limit the scope for error.

- In the Cooks Islands this issue of currency is not as big a problem as they use NZ\$ but in Samoa they usually respond in Tala but not always. Similar problems arise in the other countries, particularly if their currency is also called a dollar (i.e. Solomon Islands).
- Issues can also arise with the questions on employees. Not all respondents understand the term FTE. Also many of the companies are family owned business and they do not count immediate family (such as wife or husband) as employees even though this is anticipated in the questionnaire. There is also a high preponderance of casual or part time workers, seasonal workers (such as in tourism sector) and the like. These variations are not captured in the survey.
- Considerable care should also be taken with the reported export sales data. To cite examples in the August 2012 report, for Solomon Islands exports went up threefold, Vanuatu went up from \$25,000 to over \$1 million and for Tonga they went up five-fold. While the footnotes to the survey report says: "treat export sales data with caution given its small sample size" the report's key findings state that exports doubled as a result of the programme. It is the evaluator's opinion based on client interviews and analysis of the local economies that these results should be treated with considerable caution before attributing impact to the PBMP.
- The other issue, which is difficult to control given the method by which clients join the programme, is the veracity of the baseline data they provide on registration which, if not accurate, then raises questions over the survey trend lines. The evaluation fieldwork found examples of this occurring when asking clients about their business metrics.
- As was indicated in all three discussions with NZ Posts during the fieldwork they expressed surprise at the highly positive numeric results given that all of the countries have been facing downturns in economic growth and the business environment has been tough. The interviews with the samples of clients verified this situation, with many describing their business turnover as having declined or at best remained stable, and similarly with their employment numbers.
- With regard to the qualitative responses two concerns have been identified. In the three field research countries it was reported there are regular occasions where the local coordinator has had to go to the firms to help them fill out the survey, particularly where the company owner is not very computer literate or keeps forgetting to do it. This risks recipient positive bias, as they will tend to only tick the good to excellent boxes. Questions posed to clients by the evaluator as to their attitude to the survey revealed that many did not even remember doing it or said: "it was easy and we just quickly ticked the boxes". In one dramatic example, one client was very unhappy with her mentor and made it known publicly that she did not think the programme met her needs. However when filling in the survey questionnaire in front of the coordinator she ticked all the "good" or "excellent" responses. The evaluator does not think this is a major issue since the overwhelming response is that the PBMP is a good and useful programme, but since there is no control group for comparative purposes in the survey process, some care must be taken to not over-sell the inferences from the survey data.
- One also needs to reflect on what the survey is attributing to the mentor programme – it makes categorical statements that "overall the statistically significant performance improvements in eight of the 12 KPIs since baseline demonstrate the strong positive impact that programme has inside of 6 months of mentoring." Logically one needs to step back and

consider the aspect of attribution. Within the first 6 months the client will have received only one visit by their mentor for meetings during which the business will be reviewed and some key actions will be discussed and agreed. Subsequently there will be a level of communication (averaging once a month) usually by email. Two things could be happening – the mentor is able to influence the client to better record their business data that in turn, for example, it appears there is an apparent increase in profits but in fact it is that they are now capturing their business information more accurately; and/or the mentor’s advice has helped the business to focus on some of its immediate shortcomings that has positively impacted on business performance.

- The survey questions on business improvement do have some useful trends as they indicate that clients are improving on their planning. Anecdotal evidence from the field research shows that a number of clients do think more clearly about their businesses as a result of the mentoring and training, and have improved their systems particularly with regards to their business accounts.
- Another point to note is that in the latest survey report (August 2012) it shows a fall in the number of firms showing an increase in profits and customers after 12 months of mentoring compared to after 6 months. Also the survey questions do not ask: “has your business performance (sales/exports/profits) changed **as a result** of the mentoring”, thereby raising some doubt about attribution. It would be necessary to benchmark the performance of PBMP clients against general trends in the country’s economy or against a comparative group of firms not participating in the programme for a more accurate appraisal of attribution. There has been consideration of a control model but was rejected as being impracticable.
- The survey does actually reflect the findings from the field research that clients are positive about the PBMP –and they are definitely satisfied- but it seems to be a somewhat complicated process just to get this simple answer.
- There is a fundamental issue with regard to gathering “metrics” that requires careful thought and design by both BMNZ and NZ Aid. Broad qualitative assessments of client satisfaction measured on a six monthly interval should not necessarily be amalgamated with the need for more rigorous measures of client business performance which would be better measured on an annual basis and undertaken with more accurate data questions. Such data would need to be reported against country specific economic performance to increase the level of valid attribution of the programme outputs. The aim is to take into account externalities such as business cycles, seasonality and the economic climate to develop a better gauge of the long-term impact of the PBMP. In the future it would be useful to try and assess how the firms that have received mentoring are performing once they have been closed-out of the programme.

#### 3.3.4 Training Programme

The Training programme was added to the PBMP budget in early 2011 with the first training event taken place in June 2011 in Vanuatu. It has subsequently been rolled out to all of the countries where the mentor programme is active.

A training company that has mentoring links to BMNZ coordinates the training using individuals some of whom are also business mentors in New Zealand. The company does not charge full market rates for the organisational services it provides to the PBMP, however these services are provided on a commercial contract basis, with the company receiving a management fee and a

daily training fee allowance. Travel and accommodation expenses are also covered by PBMP. The company also runs business' training programmes in NZ and has extended its own training programmes into the Pacific.

The format of the training is similar in each country. Training is undertaken for one week. Each week still starts with the Foundation Day (taking a brief look at why the participants are in business) for all businesses new to the programme since the previous training visit. One on one session is done with these businesses which result in training needs assessment. The rest of the week comprises a series of half-day workshops on the key themes of finance management, marketing, customer relations, and leadership and business planning. Each time the trainers visit a country they deepen the work on each theme. This is done organically and also depends on the experience of the participants. While there is a progressive deepening of knowledge this is not done in a formal certification process, nor are the participants graded or segmented according to knowledge or ability. Since participation is voluntary and open to all clients there is no mechanism at present to "filter" the participants by their sector or knowledge. In addition the trainers have run shorter seminar type sessions on specific issues of interest – these include time management, staff management, networking, family businesses and theft (the latter was as a response to requests from participants).

Each participant gets a manual (developed by BMNZ) that is designed as a toolkit and can be added to as the programme progresses. Businesses are encouraged to bring more than one person to the training – this helps them implement the learning when the training is over. Businesses are increasingly sending relevant staff to specific sessions – e.g. on finance or marketing.

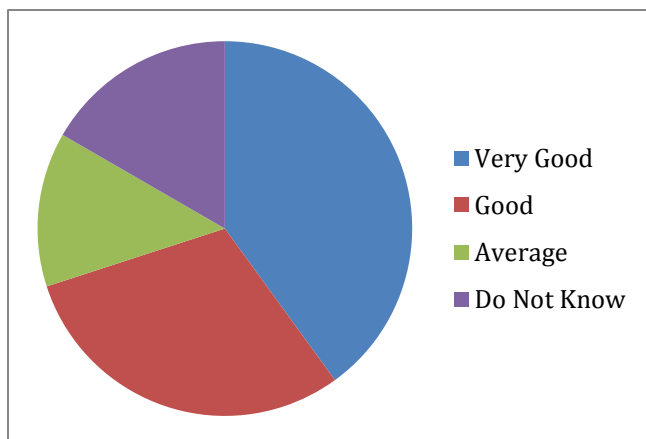
The training programme undertakes an immediate client satisfaction survey of all participants at the end of each training module. The survey uses simple techniques of mainly yes/no answers and rating the module on a scale of 1 to 10 where 10 is best and 1 is worst. Results available to BMNZ illustrate a very high level of satisfaction with the training modules (from May 2012 when satisfaction surveys were introduced). Average ratings range from 8.6 to 10.

This result was borne out by the evaluation fieldwork where the most of the clients who had participated in the training expressed a high degree of satisfaction. The few less positive comments were usually concerned with the level of the training - for example with the financial module where the participant was already familiar with the subject matter, or with the Foundation day which was viewed as too basic. However these comments were usually elaborated upon by saying the format of the training, the overall content and degree of motivation of the trainers was high, and the ability to network with other companies in the programme was very valuable. Numerous anecdotal positive statements were received about the training from the clients interviewed during the evaluation.

Impact analysis of the training is not undertaken. This may be an area to be considered in the future using simple tools to assess the contribution of the training on issues such as productivity, in order to get some sense of what progress is being made at the enterprise level.

### 3.3.5 Training Observations

- The training has received significant positive feedback from the participants and from the local coordinators. It is regarded as highly practical, innovative, and appropriate to the time demands of small businesses.
- The training events provide the only regular opportunity for the clients of the PBMP to network with each other. This provides both learning and sharing opportunities and opportunities to develop business-to-business links.
- The mentors report that in most cases they have received the training needs assessment/training plan for their clients. They also gave their perception of the usefulness of the training programme to their clients as shown in the chart below.



- A number of clients had not participated fully in the training programme and there were instances where the business owner had sent a member of staff to attend rather than attend him/herself.
- The training is provided as a free service as part of the PBMP. Most other training provided to businesses or training in business topics in the Pacific incurs a participation fee. The Chambers of Commerce or Small Business Development Centres in most of the countries run some form of business training –either formal certification courses such as “Improve Your Business” or “Basic Business Accounting” for which they charge a fee and this can be an important revenue stream for the institution – or short course seminars on relevant topics which usually just incur a small charge for covering expenses and refreshments. There are also private training providers though the range of courses and depth of knowledge is significantly less than would be found in NZ or Australia.
- The PBMP training provider does run its own courses under the *Learn.fast* brand in some of the Pacific countries on a demand driven basis. BMNZ is aware of these activities.
- The training needs assessment questionnaire that is administered by the trainer in a one-on-one session with new participants is comprehensive and enhances the background profile of the client. It is shared with the relevant business mentor.
- There is no formal structured mechanism by which mentors provide feedback to the trainers on their clients, even though this feedback was envisaged in the design of the training programme. There is however regular and increasing communication between mentors and trainers.

### 3.3.6 SOE Component

In September 2011 a proposal was put forward by BMNZ to MFAT to support a new component to the mentoring programme that was to provide, on a pilot basis, specific mentoring to selected SOEs in Samoa and Cook Islands. This proposal was accepted by MFAT and an additional funding of NZ\$291,000 was provided for the SOE component. The contract variation for the component was signed in October 2011. This programme was in response to requests from the Governments of Samoa, Cook Islands and their Chambers of Commerce.

A number of preparatory steps were taken and it was agreed that in each country the same three SOEs would be given support, namely the power, ports and airports authorities. Also the SOEs from the same sector would have the same mentor.

To date the mentor inception visit to each SOE has taken place in the Cook Islands and Samoa.

The purpose of the programme is to improve the efficiency of operation of Pacific Island SOEs in order to provide an acceptable return to government as well as a fair price and continuity of supply to customers in each country<sup>5</sup>. PICs' businesses are subject to higher input costs than similar businesses in more developed economies. Such items as electricity, port charges, freight costs etc. have a major impact on business performance and continuity of supply is also variable. Therefore assisting SOEs to operate more efficiently could lower costs to the private sector.

The SOE support will be following the same structure in each country. This is in essence as follows:

- Inception visit for one week by the mentor to the SOE to review operations, get to know the CEO, Board and the key issues.
- Four months later the CEO of the SOE will visit NZ for a study tour to organisations and institutions relevant to its sector. The visit will be for one week.
- Four months after the study tour the mentor will return to the SOE for a further week assess progress.

In between these specific interventions the mentor will be in communication with the SOE CEO to discuss issues and assess progress on the agreed action plans. This will be done on an as required basis by email or phone.

### 3.3.7 SOE Observations

- It must be stated from the outset that the SOE programme is only in its very early stages and therefore no measurement can be made of effectiveness.
- The evaluator met with the Minister of Finance in CI who has been a proponent of the SOE programme, as well as the CEOs of the power and ports authorities. In Samoa the evaluator met with the head of the national SOE monitoring unit. Both Governments welcomed the support being provided, as SOE reform has been a key requirement for a number of years.
- Both CEOs who were interviewed welcomed the support and felt the initial discussion with their mentor had been useful. They were receptive to the mentor input.

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<sup>5</sup> SOE Mentoring Programme Update to 31 July 2012 BMNZ

- Discussions were also held with NZ Posts in the two countries on the programme. Posts were somewhat more circumspect with regard to both the impact and scope of the mentoring given that SOE reform is a multi-faceted issue that has had significant levels of intervention in the past (particularly in Samoa through WB and ADB)
- Some caution must be observed in terms of the expectations of MFAT as to the impact of the SOE programme. While none of the SOEs are large in terms of assets or staff in comparison to similar authorities in NZ, they nevertheless have numerous structural, political and cultural issues that affect their operations. There are also significant tensions inherent faced by such SOEs to provide a public good at the behest of the government as well as to be efficient, cost effective and provide a commercial return to the government. In the sector of power this dual role is further complicated by strategies to increase the level of renewable energy generation in both countries. While laudable, this strategy will require some fundamental changes in how these SOEs operate, their technical skills and assets, apart from getting the right balance between sustaining a commercial return and moving into renewables.
  - The proposal for the SOE programme states that it will be measured against economic performance benchmarks such as:
    - o Stronger economy.
    - o Improved governance.
    - o Increased accountability in the Public Sector.
    - o Development of positive commercial business cultures.
    - o Reduced costs and an improved business environment.
    - o Annual survey to be developed. (Elsewhere in the proposal a 6 month survey is mentioned)
- However, there are no specific KPIs formulated as yet for the expected outputs of the SOE component in order to determine its success.
- There are a number of inherent risks that the SOE mentor programme will have to carefully manage:
  - o The one-on-one relationship between mentor and CEO (which is the norm for business enterprises) may be vulnerable to the outside influences of both the boards and the responsible government ministries in the respective countries;
  - o Evolving national policies and strategies may override what the mentor may regard as the application of best commercial practise;
  - o Most SOEs have excess staff complements that affect their profitability but in small economies with limited social safety nets, such employment does have important social impacts;
  - o There are very significant governance constraints in both countries despite the ongoing reform – for instance the CEOs in Samoa do not appear to have formal contracts in place (through there are steps underway to rectify this situation).
  - o The level of programme intervention which cumulatively equals three weeks over a one year period could be too light to have any measurable impact given the context in which the SOEs are operating
  - o There do not appear to be any KPIs as yet for the mentors.
  - o If the advice of the mentor runs counter to national policy there is a risk of the whole programme being counter-productive.



- It must be noted that giving sound advice to the SOE's CEO is most likely to be very useful, is unlikely to do harm and should help them to be better managers. However it is a risk to set as the objective of the programme that it will improve efficiency - measured by a return to government and a fair price to customers - in countries with significant problems with economies of scale, infrastructure and skills. These could be longer-term goals but could be ambitious to attribute such improvements within the one-year mentor programme. There are a number of externalities and assumptions that would need to be monitored when assessing the impact of the programme.

### 3.3.8 Programme Visibility

The PBMP has undertaken a consistent and effective visibility campaign through a number of media, including press advertisements, interviews in the press, radio and television, and in newsletters and information circulars from the local Chambers of Commerce. BMNZ retains a substantial file of these marketing communications. All banners, brochures and the website highlight NZ Aid funding of the PBMP.

Observation:

- All press releases and all advertisements for the programme should clearly state that the New Zealand aid programme funds PBMP. Wherever possible the NZ Aid Programme logo should be included on media and promotional material that is paid for by the programme.

## 3.4 Impact

### 3.4.1 Client Impact

There has been significant impact in terms of the qualitative measure of client satisfaction. There has been a high degree of concurrence by nearly all of the clients that the programme has been of help to them. This applies both to the training and the mentoring components. This statement is borne out by the satisfaction survey, and the interviews and surveys undertaken by the evaluation.

Measuring quantifiable impact is more problematic and while over time is an essential indicator the programme does not as yet have a fully verifiable means of achieving such measurement. The format and process of the mentoring provided to the Pacific clients as it is currently designed does not lend itself to such measurement. In the first instance, as has been described above, the outcome numeric data pose some problems in terms of accuracy and verifiability. Secondly the mentors' reports do not capture financial/business performance data across a period of time in any systematic format as this has been considered a risk to client confidentiality.

Nevertheless there is a significant body of anecdotal evidence that indicates that for large a number of clients there has been a positive impact on the performance of their business.

The nature of this impact is one of the most important concepts to be understood with regard to the expectations of a mentor programme. While the design of the PBMP places considerable emphasis on the PSD outcomes this may have lead to a design misconception of the

programme if compared to how it is delivered in New Zealand, and also in terms of the way the KPIs were formulated. A paper published in 2002 titled *Business Mentoring: Help or Hindrance* states as follows:

*"In recent decades, mentoring has been identified as an important learning activity in a variety of contexts such as business corporations, schools, universities and hospitals. In this review of 151 articles relating to business mentoring, an endeavour has been made to clarify the positive and negative outcomes of mentoring programs for mentors, mentees, and business organisations. Although there was found to be a higher incidence of positive outcomes associated with mentoring programs, sufficient evidence suggested that the 'dark side' of mentoring does exist. In many cases where mentoring programs were reported to have negative outcomes, success appeared to have been jeopardised by lack of time, lack of training, negative attitudes of others, or poor matching of mentors and mentees."*

The paper also defined mentoring:

*"Mentoring was considered to be a personal, helping relationship between a mentor and a mentee/protégé that includes professional development and growth and varying degrees of support. While mentoring relationships are reciprocal, mentors tend to be those with greater experience."*

Of the studies reviewed by the above paper, 102 (67.5%) reported only positive outcomes as a result of mentoring, while a further 37 (24.5%) reported a mix of both positive and negative outcomes. Taken together then, more than 90% of studies reviewed attributed some positive effect associated with mentoring activities. In contrast, only 10 studies (6.6%) exclusively reported negative outcomes. The positive outcomes for mentees included career satisfaction, motivation, advice, coaching, ideas, strategies, improved skills, counselling, listening, encouragement, self-confidence and the like. From an organization perspective positive outcomes included improved productivity, retention or attraction of talented employees, team spirit and better workplace communications. Negative outcomes tended to focus on the particular mentor-mentee relationship and issues of incompatibility or misunderstanding were the prevalent overarching issues. Interestingly there were also gender related negative outcomes. The findings from this evaluation would support these overall conclusions except for the last one, as there were no negative gender-based comments from the clients.

This evaluation's overall assessment is that the PBMP is primarily providing positive outcomes with regard to the business owner's themselves at what could be termed the psychosocial level. If there is one overarching statement that was repeated time and again by the programme clients it was:

*"The mentor has helped me to focus on what is important and has helped build my self-confidence in doing business".*

There are nearly 500 current clients of PBMP and based on the fieldwork there will be 500 different stories. Anecdotal evidence is very prevalent in this kind of programme, and story telling and most significant change information can be as valuable if not more so than quantitative information. The following highlights emerged from the interviews with clients in the three countries visited during the fieldwork:

Vanuatu	Most Significant Change	Suggestions
	<ul style="list-style-type: none"> <li>- Improvements to filing and stock control</li> <li>- Organised our accounting system and got us to prioritise</li> <li>- Networking with other clients</li> <li>- Confidence building and how to manage growth</li> <li>- Training impact on staff</li> <li>- Marketing plan and product costing</li> <li>- Improvements to packaging and business proposal for grant funding</li> <li>- Customer relationships</li> <li>- Relationships with staff leading to better retention and productivity</li> <li>- Time management</li> <li>- Financial management and stock organisation</li> <li>- New method of invoicing and now making a net profit</li> <li>- Increased staff wages and improved retention</li> <li>- Learnt how to make the hard decisions</li> </ul>	<ul style="list-style-type: none"> <li>- More detailed needs assessment before mentor is allocated to client</li> <li>- Increase client interaction with the Chamber</li> <li>- Have a nominal registration fee for the training</li> <li>- Modify training to different levels of participants</li> <li>- Study tours to get exposure to NZ businesses</li> <li>- Increase frequency of mentor visits</li> <li>- The survey is a waste of time and needs to be re-vamped</li> <li>- Move towards more specialist mentor advice</li> <li>- Focus on the Ni-Van entrepreneurs as clients –they need management skills the most</li> <li>- Have the training resource materials available at the Chamber</li> </ul>
Cook Islands	<ul style="list-style-type: none"> <li>- Improved staff dynamics</li> <li>- Support to marketing</li> <li>- Affirmation of their business approach</li> <li>- Helped prepare owner exit strategy</li> <li>- Helped with costings and advice improved turnover and reduced costs</li> <li>- Confidence to make business decisions</li> <li>- Helped to identify the business weaknesses</li> <li>- Marketing and client relationship management advice led to increase in turnover</li> <li>- Helped to understand business cycles</li> <li>- Pricing and stock management led to increase in turnover</li> <li>- Pros and cons of own business ideas</li> <li>- No one else to talk to about business</li> </ul>	<ul style="list-style-type: none"> <li>- More specialist mentors</li> <li>- More hands-on approach rather than a sounding board</li> <li>- Focus more on indigenous owned businesses who need help more than expats</li> <li>- More quality time with mentor</li> <li>- Improve vetting of applicants</li> <li>- Link mentoring to access to finance</li> <li>- Possibly have training in evening as no time to attend as running business</li> <li>- Time the mentor visits to coincide with the low season</li> <li>- Send client's the mentors CV in advance</li> </ul>

Samoa		
	<ul style="list-style-type: none"> <li>- How to communicate with staff</li> <li>Helped to set targets</li> <li>- Improved marketing</li> <li>- Helped in making financial decisions and drawing up an action plan</li> <li>- Better understanding of how to grow and improved financial management</li> <li>- Helped to motivate and rejuvenate enthusiasm for business. Profits and turnover increased as a result of advice</li> <li>- Helped to think outside the box</li> <li>- Advice led to incentivising the staff</li> <li>- Helped to set goals and focus on the priorities</li> <li>- Improved staff and customer relations</li> <li>- Helped to get life in balance</li> <li>- Advice led to better understanding of market share</li> <li>- Improved stock control and has stopped significant leakages</li> <li>- Paying closer attention to profit margins</li> <li>- Assisted in working through the business challenges</li> <li>- The training was a real wake-up call.</li> <li>- Was about to close down but mentor inspired and helped focus on key issues and finances</li> <li>- Staff retention methods</li> </ul>	<ul style="list-style-type: none"> <li>- Increase mentoring into the tourism sector</li> <li>- Increase coverage into Savaii</li> <li>- Increase face-to face time with mentors</li> <li>- Need more specialist advisors going forward</li> <li>- Training needs to fit in better with clients schedules</li> </ul>

In the context of the very challenging environments in which entrepreneurs operate in most of the PICs and where business survival is a mark of distinction, the value that the mentors are transferring to their clients should not be underestimated.

The comments received during the evaluation fieldwork from clients and other key stakeholders illustrate the significantly positive inputs provided by the mentors, and by the training to the clients. These views are collated in Appendix A.

Clients' positive observations can be aggregated into the following main categories:

- Helped to understand the business's strengths and weaknesses
- Assisted in understanding how to improve the business and move forward

- Improved business knowledge and business planning
- Practical and uplifting experiences from the training
- Ability for networking and sharing ideas with other business people in the country
- Practical advice on specific business issues
- Motivational and confidence building

Negative observations from clients tended to be around the following issues:

- Incompatibility with assigned mentor
- Need for more one-on-one time
- Need for more specialised advice
- More in-depth training for the more experienced business people.

### 3.4.2 Impact on the Local Coordinators

As a measure of the relative impact of the PBMP on the operations of the Local coordinators the following table reflects the relative size of the programme in relation to these institutions. In all cases the numbers have been rounded off for ease of reference. From a staff input perspective the PBMP requires a range of from 0.2 to 0.5 of an FTE. The work is not continuous as it peaks towards and during mentor or trainers visits and then reduces until the next cycle. Clients of the PBMP do not necessarily have to be members of the Chamber. There are instances where non-members have subsequently joined the Chamber as a result of the PBMP.

<b>Country</b>	<b>No. of Members</b>	<b>Current Clients</b>	<b>Closed Clients</b>	<b>Permanent Staff</b>	<b>Annual Budget</b>	<b>% Income from PBMP</b>
Tonga	145	50	40	4	NZ\$800,000	2.5%
PNG	340	75	10	12	NZ\$700,000	3%
Fiji	263	100	10	5	NZ\$300,000	7%
Vanuatu	200-300 <sup>6</sup>	40	20	17 <sup>7</sup>	NZ\$600,000	3.5%
Cook Islands	60	60	35	1	NZ\$33,000	60%
Samoa	248	40	40	5	NZ\$280,000	7%
Solomon Islands	130	40	15	4	NZ\$120,000	17%

The main activities undertaken by the local coordinator are as follows:

- Actively promote the PBMP to potential clients
- Coordinate Day to day operation of PBMP, and trainers and mentors visits
- Attend to client queries
- Follow-up with clients regarding survey or anything else that mentors might need e.g.: appointments, change of address or contact details

<sup>6</sup> Active members. All registered companies in Vanuatu are required by law to be members of the VCCI.

<sup>7</sup> 8 staff run the VCCI training unit

### 3.4.3 Capacity Building and Relationships

The current relationship between BMNZ/PBMP and the local agents (coordinators) is primarily based on a contractual delivery model. The appointment process of a coordinator deals with the role requirements and associated support at both CEO and board levels of the respective Chambers of Commerce.

Each contract is essentially the same with each agent required to deliver the same activities and targets for the same level of remuneration. It appears to this evaluation that the approach was adopted because there was little if any prior relationship between BMNZ and the local agents. In some of the countries (such as Samoa, Cook Islands, Fiji, and PNG) there was more than one possible agent at an institutional level. The criteria for selection is determined by BMNZ during their initial scoping visits, when an assessment of relevant organisations representing the private sector is undertaken. The programme design also did not envisage an independent local consultant undertaking the local agent role.

Over time and with some of the local agents there has been a gradual shift towards a more partnership approach, through there is still a gap before local coordinators feel that they are an integral part of the PBMP team. Concerns have been also expressed by BMNZ that the local agents (Chambers of Commerce) are weak and require capacity building in order to increase their efficiency and range of services offered to their members.

There seems to be an inherent tension between the demands the BMNZ necessarily imposes upon itself – to be highly organized, constantly driving up the client numbers, installing reporting systems etc. etc. which is now a full time occupation for the PBMP staff, and the part-time cyclical involvement of the local coordinator, who in all cases will have other assignments and tasks to perform for their parent organization. The Chamber is the contractor and in effect receives a retainer to provide the local services to the programme. The Chamber in turn allocates one of its staff as the local coordinator to be the point person for the programme<sup>8</sup>. Since the programme started there have been coordinator changes at some of the Chambers that does impact on continuity of service. As shown above, the income from the PMBP is a relatively small proportion of total income for the Chambers with the exception of the Cook Islands and to a lesser degree the Solomon Islands. While there should not be any deviation from the required accountability and input as determined by the contract, the set-up does pose challenges to the organisational and management capability of some of the Chambers.

With regard to future relationships in the next phase of the programme, it is recommended that increasing emphasis should be placed on building a partnership relationship, which would ensure the Chamber (represented by the CEO) is actively involved in programme delivery decision-making and strategic planning. Having a more holistic approach, that takes into account the breadth of activities and events, in which the Chamber is involved, would avoid potential duplication of effort, and increase the perception of local ownership by the Chamber.

With regard to capacity building, this is a much more complex issue than on first appearance. Within the developing world there is a very noticeable challenge for many Chambers that they lack capacity. In small economies such as the PICs this is particularly true, and often

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<sup>8</sup> In the Cooks Islands the Chamber only has one part-time staff member who was employed primarily as a consequence of the PBMP.

exacerbated if there is a large SOE sector that squeezes out private sector operators that are the backbone of any Chamber. However lack of capacity should not be confused with lack of skills or professional commitment. The overarching observation from the evaluation is that the local coordinators are skilled, hard working and committed individuals. The constraint is more do with financial resources to increase staff levels that cannot be overcome by a programme such as the PBMP. In a number of countries short-term palliative solutions are provided through various donor-funded support such as contribution to administrative costs, funding of technical advisors attached to Small Business Centres or Chambers, or attachments by business volunteers for varying periods of time to such institutions. In only one case, being the Cook Islands, the income the Chamber of Commerce earns from the PBMP was sufficient to hire their first (and only) part-time employee.

Two endemic problems face Chambers of Commerce in terms of their ability to raise revenue. The first is the Catch 22 that companies will not join and pay membership fees unless they perceive direct benefits from the services offered. Chambers cannot develop a range of such services without sufficient skilled professional staff that requires revenue. If there is also a separate national business training institution in the country this also dilutes the potential income stream for the Chamber.

Secondly and somewhat ironically as markets have been liberalized, the policy lobbying role of Chambers with Governments has tended to fragment, with sector or even sub-sector issues prevailing over the "big" economic issues of old (tariffs, state controlled marketing, foreign currency controls etc) and private companies look to sector bodies to represent their specific issues (tourism, retail, banking, manufacturing associations) so that apex Chambers struggle for relevance in this environment.

Given this situation the PBMP needs to take stock and tailor its expectations to the specific situation pertaining to each local agent, and through engagement with other donor-funded PSD programmes look for synergies that can help fill the gaps.

### **3.5 Sustainability and Future Programming Options**

The sustainability of the PBMP can be assessed at a number of levels as follows:

1. Sustainability of the delivery of mentoring by NZ mentors through BMNZ
2. Sustainability of delivery of mentoring through the development of a local mentor service in some or all of the countries (Objective 2 of the PBMP)
3. Sustainability of improved business performance by the clients
4. Alternative delivery models.

#### **3.5.1 Delivery by BMNZ**

BMNZ has gone through a significant learning curve in delivering the PBMP. During the first phase it has progressively developed systems and structures to manage the programme. It has developed formats to strengthen its contractual relationship with the Pacific coordinators and also developed some standard operating procedures for its mentors and the mentor in-country visits. It also has the domestic network of mentors in NZ upon which to draw for its Pacific mentor cohort.

It has regular progress reporting in place and financial management systems to account for the funding from NZ Aid. The total annual budget for BMNZ is approximately NZ\$2.5 million<sup>9</sup>. The PBMP annual national office budget is about NZ\$1 million a year.

BMNZ remains the most practical organisation to deliver an NZ-based mentoring programme into the Pacific. It has gone through the learning curve and is in a position to continue to deliver a broad-based programme. It is more cost-effective than the obvious alternative that could be to have the service delivered by a consultancy project management contract.

PBMP does not have any plans for cost-contribution from the clients of the programme and therefore would rely on donor funding for the foreseeable future. In a similar vein to its funding in NZ, BMNZ could look to source some funding/sponsorship from corporates with operations in the Pacific (such as financial institutions, airlines) to supplement the funding it receives from MFAT for the programme.

There are a number of steps that BMNZ could take that would potentially reduce the costs of delivery of the programme. However such savings depend to a very large degree on the scope and modes of delivery of a second phase to the programme. Presented below are possible Scenarios that could be considered for the second phase of the programme:

***Scenario One: Maintain Status Quo (with cost savings)***

Delivery model remains the same as current programme. The cost savings will come from not having any further scoping and formulation visits by the project managers, as all countries will be in the programme by end of 2012. The PBMP would continue with its current format and would not expand into new component areas. In addition by restructuring the mentor team's in-country leadership format there should be no requirement for a PBMP manager to accompany every mentoring country visit.

In order to achieve a cost reduction strategy it is proposed:

- That each mentor team should be led by one of the mentors who has previous experience with that country, and that the local coordinator's organisational role be increased. Some mentors have proposed this as a logical and efficient approach now that the programme is well-established.
- That a PBMP manager visits the Pacific region only twice a year – once to the Melanesian grouping (PNG, Solomon Islands, Vanuatu and Fiji) and once to the Polynesia grouping (Tuvalu, Kiribati, Samoa, Tonga, Cook Islands and Niue) with each meeting to be held in one location with the local coordinators from those countries coming to that location to meet the PBMP manager for 2 days for detailed programme planning, capacity building and knowledge sharing.
- Increased use of Skype and email to communicate with local coordinators on operational issues
- The PBMP managers would retain their normal back-office functions and responsibilities.

The Training programme would continue in a similar format and scope as currently undertaken, with some refinements to the course levels, gradation of participants and assessment of impact.

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<sup>9</sup> Excludes in-kind support from sponsors



The current SOE component would not be expanded beyond the completion of its pilot phase. Lessons learnt would be assessed by NZ Aid for consideration of any future such intervention.

There will be no new components or sub-programmes added to the existing programme without a standard independent scoping and design process being undertaken by NZ Aid.

### ***Scenario Two: Deepening***

Programme is deepened and more focused. Operational cost curtailment measures as proposed in Scenario One will also apply. However actual mentor delivery costs will probably be cost neutral compared to current programme.

Programme will have two mentor delivery streams:

*Stream One* will be as per current programme whereby mentors provide general business mentoring to any enterprises that meet the new selection criteria. Selection criteria and needs assessment would require additional rigour to ensure participants will fully benefit from the mentoring. Possibility of key sector and sub-sector targeting to be added to selection criteria – such as tourism, professional services, agri-business based on a country-by-country comparative advantage analysis. More robust closeout mechanism to be put in place on both clients and mentors (i.e. maximum of two years support and then automatic close-out). New entrants strictly matched to closeouts - one new client to replace every closeout. No new clients unless there has been a closeout of an existing client.

*Stream Two* will be deepening of support to clusters of current participants. As the first phase of the PBMP comes to a close it is an opportune time for an objective assessment of the current clients to be done by the managers of the programme in conjunction with the mentors. Those clients who demonstrate an ability to significantly benefit from more specialised mentoring should be identified and then matchmaking to mentor skills undertaken. This is likely to have implications on the cohort of mentors. For instance if a number of clients are looking for specialised tourism marketing know-how then BMNZ would seek such a mentor from its national database. The feedback from mentors during the evaluation for instance identified financial management (bookkeeping and accounting) and sales and marketing (particularly online skills) as two areas of specialist requirements. This mode of deepening does take a more interventionist approach, in that there will be more emphasis on PBMP identifying “winners” who have the ability to build their enterprises, and will also require the mentor to have a deeper understanding of the specific prevailing economic, competitive and market dynamics affecting these companies. Deepening the impact may not be necessary in equal measure in each country, and should be tailored to the objectively assessed needs of the clients. From a delivery mechanism perspective there could also be parallels with the underlying structure of the SOE programme where the specialist mentor is matched to the enterprise/sector and works in more than one country.

Training programme is also run at two levels. General 1-2 day courses for new entrants, and then deeper level, small group and one-on-one training for participants who are assessed as to their level of knowledge prior to participation.

SOE component will have a formal review undertaken after the completion of the present planned interventions (second half 2013), against a specific set of KPIs that are aligned to

broader SOE reform and development strategies of the respective countries. Decision to close, continue or expand dependent on review outcome.

### **Scenario Three: Country Differentiation**

A further iteration of the programme delivery in the next phase is to re-assess the current mode where in essence each country receives the same level of intervention (except for Fiji and PNG that currently receive double the volume of mentoring compared to the other countries). The current model has a tendency to favour quantity over quality. It had definite numerical targets to rollout the programme to every eligible PIC and for quotas of new clients to be achieved at every new round of mentoring<sup>10</sup>. Where a local coordinator may have been struggling to get the agreed quota, additional promotional effort was undertaken to ensure that the programme was over-subscribed. This should not be read as a criticism – this is the way the programme was designed. There is also increasing evidence that current clients are recommending the programme to their friends and colleagues, as they believe it is a beneficial business support service. However the main “entry” criteria to join the programme are light – namely a registered business, preferably in operation for a year and with less than 30 employees. While the GFA did list targeted sectors, these were so broad as to cover just about every possible enterprise.<sup>11</sup>

It is proposed that a more robust assessment and delivery process is put in place that has the following distinct elements:

- a) Focus on identifying potential winners within priority sectors for all new clients
- b) Number of sectors and clients is tailored to the competitive and absorptive capacity of each country
- c) Consolidation<sup>12</sup> followed by scaled back mentoring is implemented in the smaller economies that have fully participated in the programme in the first phase (e.g. Cook Islands, Tonga, and Solomon Islands) over the next year.
- d) Consolidation in the small economies that have recently entered the programme (e.g. Kiribati, Niue and Tuvalu) with scale back after 2 years.
- e) Consolidation with possible continued up-scaling in larger economies - taking into account all aspects already outlined above, (e.g. PNG, Fiji, Samoa and Vanuatu).

Training and SOE programme as per Scenario Two.

Depending on resource considerations and anticipated duration of a second phase to the PBMP, it is proposed that the modalities outlined in Scenarios 2 and 3 be incorporated into the design of the next phase.

#### 3.5.2 Delivery of mentoring through the development of a local mentor service.

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<sup>10</sup> Refer to GFA Annex VI and PBMP progress report July 2012

<sup>11</sup> Business Fits with One of the Following Sectors:

Tourism – both domestic and international visitors. Eco tourism small scale networks. Agriculture exports. Import substitution. Horticulture – joint venture possibilities, local networks. Marine industries. Manufacturing. Service industries. Business ideas with potential to expand employment in the Island. (Source:GFA)

<sup>12</sup> Consolidation refers to the concepts described in Scenario Two under Streams 1 & 2

The development of a local mentor cohort was one of the two main objectives of the PBMP. Budget lines have been allocated to this Objective in each financial year. As has been observed while there have been attempts to develop such mentors, at the time of this evaluation there were no local mentors providing mentoring services and no specific details on how this objective would be achieved. The latest BMNZ progress report (July 2012) highlights the difficulties faced and proposes that in the next phase they will again give attention to the issue and possible use local mentors in more remote areas, and for small companies who also may need to be mentored in the local language.

This evaluation admits to being ambivalent about the objective even though it should benefit longer-term sustainability and local capacity building. At the heart of discussion is the need to appreciate what is the anticipated outcome. There are various ways that local capacity can be built in relation to the delivery of BDS, and various possible delivery mechanisms. The decision points revolve around whether the anticipated outcomes are about cost savings, transferring ownership of the programme to the local coordinators and a local mentor cohort, delivering consistent and high volume business advice across all PICs, providing expertise on a volunteer basis etc. These outcomes are not all mutually compatible in the short to medium term.

In most of the countries the local Chamber or Business Enterprise Centre is or should be the channel for providing business advisory services. However competition for scarce resources and inadequate personnel often means delivery is less than expected. Performance is mixed and usually highly dependent on the motivation and skills of only one or two people in the institution. The result is that these institutions provide a limited range of services that tend to revolve around policy advice to Government, standardised basic business training courses and ad hoc events (trade fairs etc). Running in parallel with this Chamber support are a cohort of professional, skilled national consultants who could or do undertake business development services but are fee based. The structure of the PICs social, economic and demographic profile seems to have not yet created a pool of retired executives who could provide their services for a nominal honorarium to a local mentor programme. Ironically the very deep community spirit that is prevalent in all of the PICs does not seem to function to the same extent in the sphere of private business.

The options open to the PBMP appear to be the following:

A. Drop the local mentor objective as unworkable and rather concentrate efforts on ensuring the local coordinator provides enhanced support to the programme, and more networking events are undertaken with the clients of the programme to deepen local involvement.

B. Identify through very careful references a few highly regarded local senior executives, preferably who are semi-retired or retired, who will initially work side-by-side with a NZ mentor to learn the methods, and then be available to the clients during the intervals between NZ mentor visits. Gradually the programme would develop a local cohort of experienced mentors. This approach will face issues of acceptability by clients that will have to be carefully managed on a country-by-country basis. It may be trialled in secondary locations or where the client is not familiar with the English language.

C. Identify local mentors with the same profile as in 2, but use them to mentor in other countries e.g. a Fijian mentor working in Samoa. This will over time create a pool of Pacific

Islander mentors. This option is unlikely to have much cost savings compared to the current NZ mentor model.

### 3.5.3 Sustainability of improved business performance by the clients

As has been reported on in this evaluation the first phase of the PBMP has to a significant degree met its targets with regard to country coverage and number of clients. The available data shows positive results in terms of client satisfaction and positive trends in business performance. However because there is no control group (measuring performance of firms that have not received mentoring) nor a mechanism as yet to track performance of mentored companies after they have been closed out of the Programme, there is no robust process in place to measure long term impact. A key consideration will be the cost of such data collection and what key performance areas should be measured and when.

### 3.5.4 Alternative delivery models

The scenarios described above propose different approaches to delivering the mentor programme as it enters its next phase. There is also an option for MFAT to wind down its support, which could be achieved over a period of one year (end 2013) to ensure an orderly closeout of existing clients both in the SOE and enterprise components. MFAT could then explore alternative mechanisms to support direct BDS to enterprises in PICs. However apart from some form of grant mechanism by which enterprises could hire professional expertise or focusing support possibly on NZ Volunteer Services Abroad there does not appear to be any comparable mechanism (combining mentoring and training) for transferring high quality knowledge directly to individual enterprises.

## 3.6 Cross-Cutting Issues

The following cross cutting issues were identified as being crucial to the design and implementation of the PBMP:

### 3.6.1 Poverty Reduction

It is important that undertakings with respect to PSD are focussed to ensure that PSD contributes to reducing poverty. Partners to the Programme should ensure that support is given to a cross section of SMEs. *The Evaluation assessed the economic contribution of the clients to their national economies in terms of turnover, employment and exports.*

The PBMP has delivered support to a wide range of enterprises both from a sector, size and gender perspective. The following data has been extracted from National Statistics and the latest PBMP survey as a crude measure of the contribution of the enterprises being mentored to their national economies. As a general conclusion the smaller the economy the greater the relative impact the companies will have on national product and employment.

<b>Cook Islands</b>	Column 1	Survey Group <sup>13</sup>	56	Column 2	Ratio Column 2/1
GDP (2011) <sup>14</sup>	\$276mn	T/Over		\$44.2mn	16%
Employment <sup>15</sup> (2006)	6,800	Employees		437	6%
<b>Tonga</b>			43		
GDP (2011)	\$550mn	T/Over		\$37.5mn	7%
Employment (2006)	35,290	Employees		434	1%
<b>Samoa</b>			45		
GDP (2010)	\$800mn	T/Over		\$30.4mn	4%
Employment (2006)	38,276	Employees		473	1%
<b>Vanuatu</b>			30		
GDP (2011)	\$950 mn	T/Over		\$22.8 mn	2%
Employment	42,295	Employees		249	0.6%
<b>Solomon Islands</b>			11		
GDP (2009)	880 mn	T/Over		\$17.9 mn	2%
Employment (paid) (1999)	57,472	Employees		105	0.2%
<b>PNG</b>			29		
GDP (2010)	\$15,800 mn	T/Over		\$33.2 mn	0.2%
Employment (2010 est.)	3,100,000	Employees		293	-

Information on the export performance of the enterprises is captured by the BMNZ survey but the number of companies reporting export performance is still small and there are inconsistencies in the data being provided.

### 3.6.2 Gender

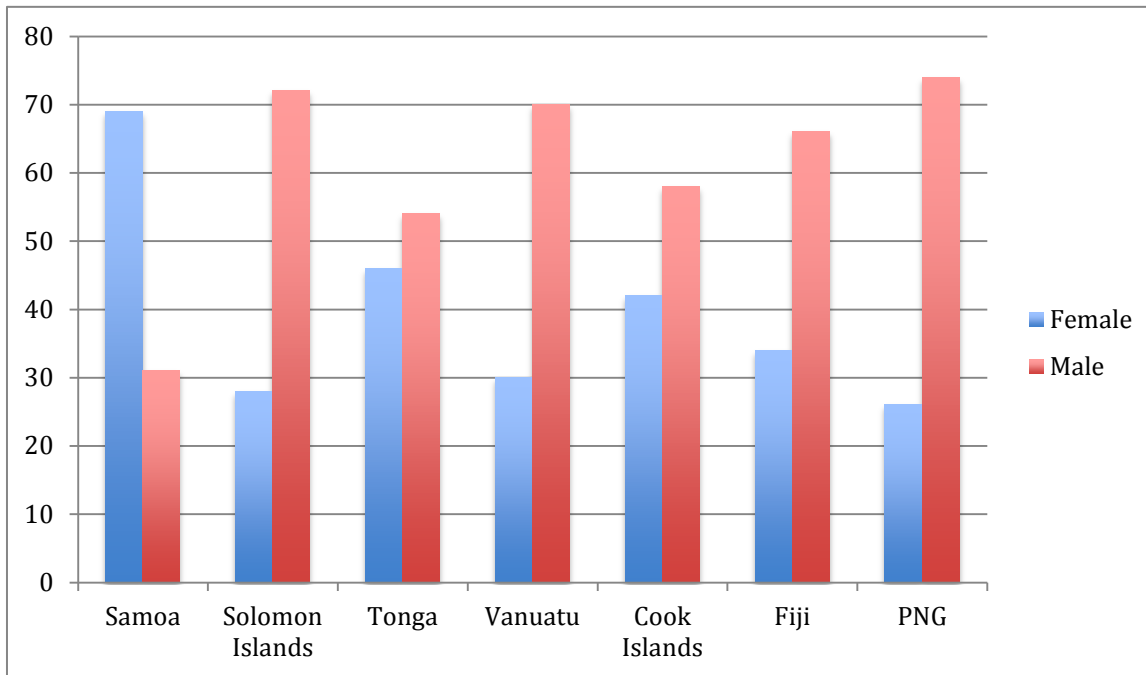
Gender relations in PICs remain unequal, and the social structures are such that women continue to face issues of unequal access to political power and limited access to decision-making processes. The PBMP will ensure that women are included in the PBMP through an inclusive strategic approach to identifying and supporting women in business. Percentage targets for selecting women in business will be developed. Gender disaggregated data will be collected. *The Evaluation assessed the degree to which gender targets have been met through the review of client data. Interviews will be held with female-owned or managed clients.*

The gender split in each of the active PICs is shown in the graph below. In total 41% of the participating enterprises are female owned while 59% are male owned. Samoa is the only country showing more female than male clients (69% female) however Tonga (46%) and Cook Islands (42%) also have higher than the average ratios.

<sup>13</sup> After 6 months of mentor support =Number of firms responding to survey.

<sup>14</sup> Approx. value current prices in NZ\$

<sup>15</sup> Total labour force including subsistence workers except where indicated.



The GFA does not stipulate numerical gender targets however in the context of the economic structure of the PICs, it is a key finding that the PBMP has shown considerable success in attracting female owned enterprises to participate in the programme. It is recommended that the programme aim for a minimum 30% participation rate by female owned businesses in all countries as an achievable target.

### 3.6.3 Environmental

BMNZ will ensure that sound advice is given to Clients with regard to the environmental implications of their businesses, and that businesses are aware of, and operate with due regard to, national and international legislation and protocols. *The Evaluation discussed this issue with the Mentors and the Clients and assessed the degree to which there are environmental impacts and if these have been mitigated.*

There appears to be limited direct environmental impact by most of the firms participating in the programme. Only 5 out of the 30 mentors responding to the evaluation indicated that some of their clients operations might have environmental risk issues. Clients that were interviewed appeared to be adhering to national environmental requirements. As an example an industrial laundry in the Cook Islands was very conscious of recycling water and heat and had developed a closed system that minimised waste products. (This was not as a result of the mentoring but showed the client to be a responsible corporate citizen). There were other examples of enterprises that were developing eco-tourism products that focused on preservation of the natural environment. Some of the environmental risks identified by mentors included: A pig farm dealing with infection control and waste management; a rubbish removal company that relies on the municipal dump; tourism operators that need to be aware of their impact on the environment; human waste disposal; use of chemicals such as solvents for printing and paint and varnish in furniture making; residue from concrete casting; quarry operation; industrial discharges; and use of pesticides. Providing specialist advice on recycling or environmental management has not been a feature of the mentoring programme to date.

#### 3.6.4 Human rights

While this was not specified in the GFA it is an issue to be explored, and in the context of the PBMP will focus on issues regarding adherence to national labour laws, health and safety and employee well-being.

The adherence to national labour laws, occupational health and safety and employee well being is not a specific deliverable under the PBMP and there are no KPIs for these issues. There is no data gathering on these issues by the programme or by the regular surveys. However the evaluation fieldwork gathered frequent anecdotal evidence from interviewing clients of the programme that as a result of either the mentor's advice or through the training programme they had become considerably more aware of employer/employee relationships. This translated into treating their staff better, improving their wages, and focusing on retaining staff rather than expecting them to leave and therefore not paying much attention to their well being. In a number of cases clients are also bringing their senior staff to attend the training programmes.

## 4. LESSONS LEARNED

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### A. Programme Design

A one-size fits all project design makes administrative sense but does not allow for the significant differences in size, economic structure and business culture operating in the different PICs. There is a definite need for the PBMP to be more tailored to the specific contexts in which the mentors are operating. In the very small economies such as the Cooks Islands, Niue, Tuvalu and Kiribati there should be clear definition of when the programme is likely to reach saturation point from a quality of intervention perspective, and therefore be wound down. This is likely to be the case within the next year or so in the Cook Islands. In the middle sized economies such as Samoa, Tonga, Vanuatu and Solomon Islands a more sector specific approach based on assessed competitive advantage and growth potential should be adopted to allow for a deepening of the knowledge transfer. In the two larger economies of PNG and Fiji there seems to be considerable scope for ongoing sustained demand for a number of years, but again a more sector specific approach and a focus on “potential winners” needs to be adopted.

### KPIs

The design of a client survey needs to be tailored to each country to ensure that there is no ambiguity in the quantifiable data and also to ensure that there are no linguistic misinterpretations. Terminology needs to be kept simple and also supported by explanations if technical words are used. Recognition must be given to that fact that English may not be the respondent’s first language. Baseline or benchmark data must match exactly data captured by subsequent periodic surveys. Ambiguity must be avoided wherever possible.

If results are to be reported on as attributed to an intervention e.g. profit increases as a **result** of mentoring, then considerable care must be taken in seeking reliable information that clearly delineates this effect. If possible, comparative data on non-participants performance or overall sector performance (e.g. tourism) should be presented to support the attribution statements.

Mentoring as delivered under the PBMP is considerably less “hands-on” compared to similar mentoring in NZ, which tends to affect the level of detailed response that the mentors can have on the day-to-day businesses in the PICs. The preponderance of measurable response from clients tends to be qualitative rather than quantitative.

### B. Delivery Mechanisms

Mentoring: The use of local institutions such as Chambers of Commerce or Small Business Centres is a sound approach where one of the key outcomes is to enhance local ownership and develop a partnership approach. It can however place operational constraints if the institution is under-resourced. There also needs to be transparent selection processes, which are openly communicated to all parties if there is more than one eligible national institution that could undertake the role. An alternative delivery mode that has not been adopted by PBMP (but is used by some other PSD programmes) is to contract a local consultant to provide the administrative, logistical and technical



support. This approach should only be considered if it is apparent that the Chamber cannot provide a satisfactory level of service.

Training: The PBMP training has created a unique niche in the business training space in the PICs. While there is business training available in all the PICs most of it is geared towards particular courses (e.g. MYOB, Basic Accounting, Certificates in Business Management, etc) and tends to be used by students or employees looking to get a job or improve their career paths. These formal courses are charged for and for some institutions the courses are their major revenue streams.<sup>16</sup>

Practical knowledge sharing through modular training tends not to be available to business owners apart from ad hoc seminar type presentations. The PBMP training fills this gap.

#### C. Promotion.

Word of mouth referrals is one the most reliable means of getting new clients into the programme once it has been running for at least one year.

Attention should be paid to the perception of the local agent in the national market place. Some institutions are perceived as only for "big" business or dominated by expatriate businesses.

Language is important and attention should be paid to the use of local languages in promoting the programme to indigenous businesses, as well as recognising that even words such as "mentor" may not have an equivalent translation in the local languages and needs to be appropriately interpreted to ensure there are no negative connotations.

#### D. Scope of coverage.

Expanding the mentoring beyond that main urban centre is often problematic from a logistical and appropriate client base perspective. The "return on investment" by seeking out a few clients on distant islands versus concentrating on the "low hanging fruit" in the capital is usually negative from a cost perspective. While in some countries there is a clear demand such as in Savaii (Samoa), Lae (PNG) and Santo (Vanuatu) it also has to be recognised that often the enterprises are even smaller than in the main centre, or functioning to supplement family income, which requires a different type of mentoring that is more in tune with micro to very small business requirements.

#### E. Client Profile.

The very wide range of types of business participating in the PBMP from a sector, size, length of time in operation and staffing, plus different cultural milieu poses a significant challenge to producing a consistent approach and outcome to the programme. However, the dearth of practical advice available for business people in the PICs gives the PBMP a high degree of relevance. Most PSD programmes have tended to focus on regulatory reform (improving the enabling environment) or financial mechanisms (loan guarantee schemes etc). Very few get "hand-on" with the enterprises directly, which is the gap

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<sup>16</sup> For example the Certificate in Business Management offered by the VCCI has 6 modules with 150 hours of teaching. It costs the equivalent of NZ\$700.

filled by the PBMP. They are also supporting the missing middle – those companies that are too big for micro-finance but too small to attract FDI or the likes of the IFC.

The selection of clients is based upon the client application form and reaching the quotas. If numbers are below target then all applicants are signed up (unless there is clear case for their non-inclusion). If the numbers are above quota then the decision primarily rests with the PBMP Country Manager based on a scoring matrix.

One of the KPIs is the growth in export sales. Based on the latest survey less than 15% of clients are exporting, and in some countries very few enterprises are involved in exporting. This KPI should be modified to be country and sector specific, and export oriented enterprises could receive more specialised mentor interventions with regard to such issues as export readiness, market access and product specifications.

## 5. RECOMMENDATIONS

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Recommendations are presented in two categories. Operational – which focus on how the PBMP is being delivered and suggestions for possible changes going forward. Strategic – which focus on the future funding and design decisions for a possible second phase.

### Strategic Recommendations

1. It is recommended that the PBMP be funded for a second phase. The cost and duration of this phase should be based on detailed design discussions between BMNZ and MFAT, taking into account where appropriate the findings, observations and recommendations of this evaluation.
2. A second phase should be informed by Scenario Two as described in the Sustainability section of this evaluation. This would focus on prioritising sectors by country, more robust selection of new clients to ensure commitment and business potential, and the deepening of support to existing clients through more specialised mentor interventions. Quality of impact should take precedence over quantity of clients. Depending on resources and proposed duration of a second phase, consolidation/scale back/scale up of clients in the individual countries should be incorporated into the next phase, as proposed in Scenario Three.
3. The training programme should be continued, again with a greater focus on impact. There should be some segmentation of participants by knowledge and a differentiation of the levels of training.
4. The SOE programme should be reviewed in detail towards the end of the pilot phase, before decisions are taken to close or extend. Specific and achievable KPIs for the pilot phase should be prepared by BMNZ in consultation with the mentors and MFAT/NZAID Posts as soon as possible.
5. It is recommended that the KPIs for the PBMP should be adjusted as discussed in this evaluation to improve the levels of validity and attribution. The survey of client satisfaction on quality of mentoring and improvements to business processes (planning) should be separated out from economic impact assessments. Client satisfaction can be simplified and streamlined and continue to be undertaken on a 6 monthly basis. There could be a possibility to draw on existing resources such as the PBMP managers and local coordinators to play a role in this regard. Economic impact assessment should be done on an annual basis, and preferably by the mentors administering a straightforward questionnaire to their clients. This would provide a more accurate response as the mentors already have an understanding of the orders of magnitude of clients in regard to turnover, employment and the like. Data should be collected on key metrics as follows, and converted to NZ\$ by the mentor:
  - Change in turnover in current FY from previous FY
  - Change in profit for same period
  - Change in employment over same period and disaggregated by gender, permanent, part-time/casual and seasonal workers

- Change in salaries and wages paid for same period
  - Confirmation that a corporate income tax return has been submitted and amount of tax paid if any
  - Value of exports for same period (if relevant to client)
6. It is recommended that BMNZ re-engage with the current local Agents but to reformulate the relationship into one that increases their sense of local ownership and partnership. Enhance the role of the local coordinator in the client application and selection process. With the increasing experience of the local coordinators and in order to increase the level of local ownership and partnership, it is recommend that the local coordinator has greater influence in the selection of clients. Increasingly there should be a shift towards quality rather than quantity, which means a deeper appraisal by the local coordinator of the applicant's commitment, business acumen and opportunity to grow their business. The local agent should prepare a short profile on each applicant in addition to the application form and should participate more actively in the selection process. PBMP six monthly progress reports should be shared with the local Agent, as should any KPI surveys. The local agent should be seen to "manage" the mentoring in-country visits rather than BMNZ, given that the Agent was selected on the basis of being the preeminent representative of the private sector in each country. This approach will also develop the long-term sustainability of the programme.
  7. It is recommended that based on a re-design of the programme that each budget line item should be reviewed by MFAT in consultation with BMNZ and cost savings be clearly identified as indicated in this evaluation under the Sustainability section (3.5). Review of the national office/program management cost should be re-assessed and brought in line with an expected ratio to operational costs of about 20% as originally intimated by BMNZ when the PBMP was designed.
  8. It is recommended that the SOE programme needs to be carefully managed. NZ Post and MFAT should have a higher profile in oversight of this component. They should receive detailed reports from the mentors after their visits and SOE study tour, and they should be apprised of the agreed action plans with the SOEs.<sup>17</sup> The SOE programme should not be expanded or extended until there is an appropriate appraisal of the pilot programme.
  9. A formal programme of capacity building of the Chambers of Commerce or Small Business Centres is beyond the scope of the current PBMP. If such a programme was deemed necessary by NZ Aid for some of the PICs' Business Associations then a standard scoping and project design process should be launched, including a needs analysis, and assessment of other development partner interventions. Once that is completed an open Expressions of Interest tender process could be launched so that there is full transparency. Other institutions that have implemented institutional capacity building projects in the Pacific region or have the requisite knowledge should be given the opportunity to bid for such a programme. It is recognised that institutional capacity building is multifaceted requiring a holistic approach, and therefore standard development best practise should be followed in designing and implementing such a programme.

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<sup>17</sup> In going forward NZ Post should meet with the SOE clients to agree on levels of information that can be shared.

## Operational Recommendations

1. It is recommended that the current quota system, which aims at 10 clients per mentor, be re-assessed. Given the structure of delivery this equates to approximately 2-4 hours per client per visit (depending on location and availability) every 6 months. In order for there to be greater focus on the quantifiable KPIs – increase profits, employment, and sales – consideration should be given to closer client-mentor matching and a deepening of the level of advice to ensure impact. With a restructuring that focuses on quality of impact, clustering of clients and sectors, and more targeted support it is possible that mentor visits could be increased to a frequency of every 4 months. This would need to be assessed based on a country-by-country basis, cost implications and mentor availability.
2. It is recommended that the training programme should remain at its current level of input, but demand should be carefully monitored by BMNZ in conjunction with the local Agent. Participant number cut-off dates need to be established and if numbers fall below an agreed level then the training should be cancelled for that round in that country.
3. It is recommended that consideration be given to reviewing the payment system for the mentors. Under the current arrangement mentors are only paid two expenses reimbursement (honorariums) after the first and second visits. Mentors should receive the current honorarium for each visit they make.
4. It is recommended that a fee for mentoring should not be introduced for the PBMP, as the indications are that it would be counter-productive. However a nominal fee for participation in the training programme, after the first free training week, should be introduced for all companies that participate in a second, or more, training event. The quantum of the fee would be appropriate to the specific country context, and would be paid to the Local Agent. This would ensure a modest revenue stream to the Local Agent to enhance their income base; it would reduce the market distortion compared to other business training on offer; as well reinforce the commitment by the participants.
5. It is recommended that the information garnered by the training needs assessment should be gathered as early as possible in the overall client support process. Consideration should be given to it being administered by the mentors when they have their first meeting with the clients. This way they would be informed by the responses and it would also give more time for the trainers to tailor their programmes to the specific needs of the clients (as they would implement the training three months after the initial mentor visit). This would also enhance the integration of the mentoring and the training.
6. It is recommended that while placing too many formal reporting requirements on the mentors is likely to be counterproductive given their volunteer status, however the mentor should provide a simple feedback template on each client's knowledge gaps to the trainers after each mentor visit.
7. It is recommended that a more formal and systematic process be put in place that links the clients, their mentors and the local financial institution providing credit to the client. There is considerable benefit to be achieved by the banks knowing that a client is being mentored in terms of their business risk assessment, and for the client

to have a “person of substance” supporting them in their negotiations with their banks. Such an arrangement would require the agreement of the client in the first instance.

8. It is recommended that greater emphasis be placed on networking of clients during the mentoring visits. The training programme achieves this to some degree, but a simple networking event held at the end of each mentor country visit for the clients would significantly increase the sense of partnership and being part of a collegiate group. The local Agent should coordinate such activities.

## APPENDIX A: CLIENT RESPONSES

### PBMP EVALUATION: FIRM RESPONSES

\*Based on feedback from 41 companies

#### Positive feedback

<p><b>Identifying strengths &amp; weaknesses, and how to improve the business</b></p>	<ul style="list-style-type: none"> <li>• Helped us identify our main weaknesses and gave us suggestions on how to improve (budgeting, planning, building up relationship with Bank Managers etc. taken up his advice and are currently working on these areas.</li> <li>• We were able to better understand where our strengths and weaknesses were.</li> </ul>
<p><b>Helped business to improve and move forward</b></p>	<ul style="list-style-type: none"> <li>• I have found the mentoring programme to be very beneficial especially because we live in a small country basically isolated from larger countries. As such we may have a tendency to not realise our potential especially as tourism is our biggest market. Having a mentor who can offer the knowledge and the experience, and fresh "eyes" from the outside looking in, to assist us in identifying areas of weaknesses in our business, and suggesting possible ways of improvement, has been very useful. Helped us so much to move forward in our business. There is so much more to improve and we look forward to our second meeting in October 2012</li> <li>• As a small PNG business, the PBMP has given us insight into the skills and necessary tools to enable success and growth of our business, regardless of whether it's a company/ business that employs 100 people or just 2 people. So far we have participated in 2 training sessions; we have met our Mentor twice in person and read into the reading notes provided. This has also motivated us to read into similar materials to give ourselves a broader understanding of business practices and their applications. We have also met and exchanged notes with other businesses participating in the programme, so we have also been exercising some of the important aspects of conducting business.</li> <li>• Provided me financial improvement, confidence on myself to do better.</li> <li>• Several reasons good training: bettered our understanding where we are and how we can take practical steps to improving our business; better understanding of having a business plan and a marketing plan and better understanding of costing the product correctly.</li> <li>• Project is one of the most worthwhile aid projects I have seen in my 33 years in Vanuatu. It is giving us the ability to help ourselves and it will never be forgotten because the skills we have each learned will be taken with us. It will never pay for itself and will never be able to have local business mentors but its ability to truly assist private businesses to lead the way is immeasurable.</li> <li>• Because we live rather isolated, we tend not to realise how much and what the Internet can do for us. Having mentors from New Zealand who "live" in the modern world of communication and who can assist us with how to market beyond our shores, to market to our potential customers yet to arrive, and to grow our business that way, has been educational &amp; most beneficial.</li> <li>• Under the PBMP I had a great opportunity to share/ discuss/ learn/ listen to a wise respected hand of the industry after much trial and error. At the time Rod Fulford was assigned as my PBMP mentor – The experience was very much welcomed and I found the PBMP both encouraging and enlightening. Although the mentoring was short, it had armed me with a stronger business confidence and a greater sense of business direction. Following the PBMP I had managed to reconstruct our commercial building and attain full occupation following damages during the 2006 riots and business performance has progressed well where we have obtained high ratings with ANZ bank during a recession.</li> <li>• The PBMP gives small business owners the objective view of their business; the tools that can help them improve their business, and the encouragement to forge ahead confidently. The business training was extremely valuable in enabling me to do business right. I have since refined my business into one that is more sustainable. My</li> </ul>

	<p>new business is a small part of my original business concept, the part where my passion truly lies. I have established this new business using the business planning and management tools learnt through the PBMP, building it up properly and in an organised fashion from the ground up.</p>
<p><b>Improved business knowledge and practices and development of Business Plan</b></p>	<ul style="list-style-type: none"> <li>• The mentoring programme has given me great knowledge and thus it has impact on the development of our business. For the past years we have been operating without clear goals and this means no business plan. However, when I attend your workshop it gives me knowledge and thus it has given me sure direction and now we have some savings and hope to expand our business by 2015.</li> <li>• We have much appreciation for the PBMP, for enabling us to appreciate, understand and believe in the best practices on managing and operating a business, no matter how basic these tools and skills may be. We are currently in the process of implementing what had been learnt so far. It is interesting and exciting.</li> <li>• Main benefit has been to think 'scientifically' about the services I offer, and the type of clients I need to nurture. By forcing me to concentrate and write up a more rational way of doing my Fee Proposals, I would have saved several days of work in preparing over a dozen fee proposals so far this year.</li> <li>• It is a good programme for participants, because it provides additional insight into a methodical approach for business decision making, empowering participants to be more confident in their decision making process. I find the program highlights the importance of the process, and have real value because you are dealing with people who have had real life experience with doing business.</li> <li>• The program was very informative and as a participant, I learnt a lot in particular the need to have a business plan in place to guide you in the management of any organization. It also provided insight with regard to how and why it is important it is as the business owner or manager to continually to grow through various training for the business in turn to grow.</li> <li>• I have really benefited from the PBMP, the trainers themselves and my business mentor who has gone out of his way and accessible anytime (within time zone differences of course,) to help me along and given me pushes in ways to grow my small business. So from a sole trader's point of view it has really helped me see/look and be challenged with different ideas/strategies on how to grow my small business.</li> </ul>
<p><b>General (business benefits)</b></p>	<ul style="list-style-type: none"> <li>• Learnt the importance of meeting as a team</li> <li>• We are enjoying seeing results we want - working smarter and not harder and seeing the dollar growing</li> <li>• The Pacific Business Mentoring Programme has being a big influence in the business that we have being running. I fully support the programme as some of the programme could be longer, but I fully support it.</li> <li>• Advice that I take from you guys really helps and gives me a positive input for the business. It helps me to grow up my business and I want it to continue.</li> <li>• As participants in the first phase of NZ Business Mentoring, we primarily were extremely grateful to have an opportunity for a "friendly outsider" to overview our business and hear their opinion of what we might be doing Right and what we might be doing Wrong. It provided a young business which was operating in a unique and 'limited' commercial environment with some goals and targets that would enable better performance and internal assessment - leading to a greater awareness of how we could improve our operation, both in our Market Place and within our own Administration.</li> <li>• I believe the most genuine Pacific business owners have great intentions coupled with a determination to succeed. The PBMP harnesses the existing tools an owner needs to get the job done right and is a compass that allows an owner to decide where the business will go.</li> </ul>
<p><b>Enjoyed and benefitted from training</b></p>	<ul style="list-style-type: none"> <li>• Training was outstanding. It was not simply trainer talking and notes, but we actually got hands on practice with making our own Budgets, analysing them and explaining what the figures meant, did role plays on marketing our products etc. Also the pictures</li> </ul>



	<p>and videos they used were very easy to relate, very real, funny, and it sticks on our mind. We also got to know the trainers and they are very down to earth people. We felt very comfortable to ask them questions, even by email after they left. They also had one on one time with each business to identify our main area of concern and gave advice.</p> <ul style="list-style-type: none"> <li>• The Speakers have a very definite and positive approach to what is required.</li> <li>• They were great especially if you're just starting up a new business or new in a business or great as a refresher course.</li> <li>• I thoroughly enjoy every time Chris, Lorraine and Robyn conduct the weeklong courses. All the classes are well prepared, very informative, very useful and entertaining. I like the way they run the classes and like it better now that the classes are shorter than the full days before –it's not so challenging when I get back to work.</li> <li>• We have found the mentors programme most useful. In Particular the courses that occur every 6 months have been most valuable. These have been well structured and the presenters have been awesome (especially Chris Elphick)</li> <li>• Programme is a great opportunity.</li> <li>• The training program was the best part of the program as it allows us to sit and listen and learn new things / share what we know with other businesses and vice-versa / learn new initiatives on how we can better and improve our selling techniques, packaging and labelling our products, branding our range, looking after our suppliers, growing our customer base etc.</li> <li>• Undeniably the Training Programmes were also of an immense benefit to the further understanding of how to administer and present our specific business to our clients and to the local authorities.</li> <li>• I thoroughly enjoy the training sessions, (and look forward to them) when the trainers come up to Samoa and relationships have been formed in the process which is an amazing benefit, not only with the trainers but those that attend the programme, just the way they deliver their training sessions is very refreshing, humorous and down to earth everyday business scenarios which you can relate to whether as a sole trader like myself, a medium sized business or much larger company but the principles are still the same.</li> <li>• I have received the same sort of training many times during my long career but I never fail to be uplifted when it is presented in the way it is in this Programme. Each time I have been able to add impetus to my business and the results improve. I cannot recommend it enough and I am very grateful for it.</li> </ul>
<p><b>Networking and shared business ideas with others</b></p>	<ul style="list-style-type: none"> <li>• Other great thing is that we got to know other business people and we start to share ideas with each other.</li> <li>• The program allows us to share what we are going through with other similar businesses. We are not alone - so it makes it easier to accept where we are and where we want to be - Sharing stories of our successes and the failures.</li> <li>• Allows us to network with other businesses that we could use one way or another in growing our business.</li> </ul>
<p><b>Benefitted from Mentorship</b></p>	<ul style="list-style-type: none"> <li>• I personally find the mentoring very helpful as it teaches and reminds us the basics of running a successful Small Business from now and into the future as we often get caught up in other things that often distracts us from growing and nurturing the business that we started. I would very much welcome the Second Phase of the programme supported by New Zealand Aid in Papua New Guinea (PNG).</li> <li>• I have found the mentoring to be very beneficial to our business. Teaching us how to price items was vital. We have come to trust our mentor and email him with queries. I would like to continue with the mentor. I have attended a few of the courses and also found those beneficial</li> <li>• Ray Deaker my business mentor is very knowledgeable and helpful.</li> <li>• The mentoring methodologies to my point of view and experience are worth doing while struggling to running and improve my small business. Luckily my mentor renders me basic skills and knowledge of how to manage and improve my business.</li> </ul>

- The mentoring program provides my business a better understanding of where I am. The mentor was able to point out what we are doing that was tiring us out without any benefits. We were doing this in the hope that it was going to improve until someone tells us. Now we are enjoying more time-off and rewarding ourselves. The mentor was able to point out what we have to have more of and what we have do less of.
- I thought the mentoring was very good. Its great to have it here in the Cook Islands to help those businesses in need of it.
- We are avid supporters of this programme. Our business mentor (we believe) has enabled us to see our business through refreshed, renewed eyes; and it is great to have someone to bounce ideas off. I can confirm our business has grown since working with our mentor and we have seen our net profits increase too, which is fantastic. Our mentor has enabled us (by way of giving us sound advice, encouragement and confidence in our ideas) to keep stepping forward with our business and we have gone from strength to strength, so thank you 'Pacific Business Mentoring Programme' and thank you 'NZ Aid'.
- I've found my mentor Ron Massey and the program to very helpful practically. I've had a lot of changes to my business since starting with the program and unfortunately have missed some of the workshops but Ron always keeps in touch and has been very helpful with practical issues and guidance from day one.
- I find the mentorship program very effective, getting free advice from our mentor, which has at least made a lot of improvement for us.
- Our mentor Gill Garchow has been a great help to us, advising us on what to do to improve our revenue. One example is the application for registration and accreditation of our courses with VNTC (Vanuatu National Training Council) Gill would call me on Skype or email me and we would talk about how to make things better.
- Was most helpful for my staff. The man we had had a good knowledge of the business and his recommendations were mainly very relevant and helpful. He was focused and definitely tried his best.
- He had an honest look at my business and gave me very good feedback, suggestions and encouragement. I think that when you are involved in the day to day running of a business, it can be very difficult to look at your business objectively. Also the confidence that my mentor gave me, knowing that I was on the right track, and was good at what I'm doing, has spurred me on stay in business in Samoa. I would have easily given up without his encouragement and belief in my ability as a business owner. As a small island nation that has just opened up to free trade with other countries, the locals need this expert help and support more than ever, to be able to compete successfully as a locally owned business.
- I have benefited significantly from the mentoring. Found it stimulating (my staff did as well).

## Negative feedback

<p><b>Did not benefit participant or meet their expectations</b></p>	<ul style="list-style-type: none"> <li>• I think this programme is good for some Cook Islands business community but did not do much for me in ways that the mentor did not improve my understanding of what I wanted out of this programme which was “marketing”.</li> <li>• We have decided to leave the Mentoring programme, as we don’t believe the program is really set up for us and the stage we are at in our business. With <b>time</b> is one of our biggest problems and we can’t afford the time to follow the procedures that the Mentoring group is expecting from us, at the moment anyway e.g. set up financial forecasts and business plans etc.</li> <li>• I know other businesses here are really enjoying the program and it is helping them but our real interest in a mentoring group is help with our manufacturing and setting up a Good Manufacturing Practice Manual, stock control and ordering systems and I can’t see that the program will be covering those areas. Thus too restricted and time consuming for the business.</li> <li>• It did not address what people wanted most: low cost/affordable credit. Interests charged on business loans or any loans are just way out and you can do all the training in the world, but if you cannot get help with affordable starting or operating capital it is just a waste of time.</li> <li>• We appreciate that plans are important but for us right now the business is driving us and I don’t want to be restricted by business plans and if we stopped to do those plans our business will falter. We have just been sent a form to fill out that they say would only take 10 min to fill out but it would take me far longer to get figures to suit the form than they realise, again time I do not have spare time.</li> </ul>
<p><b>Need for more time and one-on-one approach</b></p>	<ul style="list-style-type: none"> <li>• I personally think that the program overall has plenty of good merit, but I would like to see more effort being put towards a more face-to-face and hands-on approach over a lengthier period of time, which would ultimately prove to be more beneficial to the recipient. Throughout the Pacific, there are many small-medium business enterprises that could certainly use the mentoring abilities of experienced business people.</li> <li>• We need more volunteers to come around and visit us, and spend more time not 1 day.</li> <li>• I am finding that the benefit did not last as long as I would have hoped, as perhaps the changes were small and isolated. Also, the mentors were probably spread too thin amongst several organisations as they could only spend an hour or two at time with their organisations during visits.</li> <li>• The idea is good but needs certain improvements: Too short; not enough time for proper consultation and teaching. Idea is good but may need full time people to assist. Facilities and equipments should also be available for businesses that need them.</li> </ul>
<p><b>Problem with Mentor(s)</b></p>	<ul style="list-style-type: none"> <li>• <i>I have had two mentors so far. My last mentor came to my office and was asking me all sorts of questions about my business. Later he summarized everything and sent it over to me via email. My question is what is he going to do with the information he gathered? I am yet to figure out in what form is he going to assist me? In actual fact he sent back to me what is already mine so I am still confused and could not understand the rationale behind that.</i></li> <li>• We were excited to learn new ideas, implement new ideas, etc. Unfortunately, we never received any of these from the mentor who was assigned to us. Hardly any contact with mentor (one email after a discussion we had). In summary our Business Mentoring experience was quite disappointing.</li> <li>• I look at the programme as an opportunity to plug gaps in my ‘know how’ and in my organisation, and because IT and marketing using the Internet is a gap in my management experience, I really needed a mentor who can spend enough time to set up something well structured. My mentor was good but perhaps I needed someone with graphics plus the knowhow to connect my business to the world so to speak. So</li> </ul>

	<p>perhaps the matching of organisation to the right mentor is an issue, but then I also appreciate that the Mentors have their own commitments and specific areas of expertise.</p> <ul style="list-style-type: none"> <li>• As for the mentoring I am not so appreciative. I don't have much to do with my mentor and he does not go out of his way to mentor me. I would like to be making more use of him but I am discouraged by his response to my problems. My problems are marketing and promotion and stem from my fear of rejection and reticence to approach people. My mentor does not appreciate the extent of the problem. I don't think it is one we share. When he visits we get together discuss the problem set goals and make a program but he does not follow up and I avoid contact because I lose confidence in myself and then am embarrassed to admit failure to achieve or even to act. The mentor is not a complete waste of time but I was hoping for someone who would prod me with a big stick and get me over my barriers. I know others speak very enthusiastically about their mentors and the help they get but I can't.</li> <li>• The only downside I can see is that the single mentor was shared by multiple applicants at the time. Perhaps if the mentoring were more focused as in a set week for each applicant, the PBMP would be far more effective and efficient.</li> </ul>
<b>Assessing the programme</b>	<ul style="list-style-type: none"> <li>• There must be an assessment system in place so measure success of the program against actual benchmark. Written feedback is insufficient and inaccurate because course participants are actually not opening their business up for scrutiny and restrict themselves from future business and success.</li> </ul>

**Recommendations:**

<b>Specialist Training</b>	<ul style="list-style-type: none"> <li>• It would have been better if part of the training provided is a financial software system (program) given to participants and can be use by small businesses to use in financial recording with backup training on how to use the program.</li> <li>• I would like to see more emphasis on topics such as Finance Management that is basic bookkeeping, budgeting, etc. I would assume that not all small business could afford to use Accountant firms therefore starting off small would be ideal for them to do their accounts in house. Once they expand and are making more money than the Accountants Insurers etc come into play.</li> <li>• Most of the information I learnt was nothing I had not already known. It would be good to have courses for customer service as most companies need this quality in their business</li> <li>• Suggest and provide system and IT solutions that may not be available locally but maybe good for the business in the long term</li> <li>• Direction into specific accounting, production, and improvement over time, this includes but not limited to getting MYOB functions for small business that they might want to get as a start. Training can be done here. But could PBMP get a discount price for basic MYOB and the enterprise meet the cost of it.</li> </ul>
<b>More broadened, applied and hands-on training</b>	<ul style="list-style-type: none"> <li>• I thought that a more advanced course should be made available for those that were in more established businesses/ organisations</li> <li>• To broaden minds of small business owners, organize a look and learn visit to other countries (NZ) to talk to other similar businesses</li> <li>• Arrange hands on training and tours of other similar business in NZ so we see firsthand. We can share the costs on this exercise.</li> <li>• Need more applied case</li> <li>• Involvement in keeping tabs with the enterprises would be great including stronger view on budgets and business planning on Gantt charts</li> <li>• After initial business assessment of the business under the mentoring program, there should be very specific course of actions to address key issues that are identified in</li> </ul>

	<p>the various aspects of the business: Organisation structure and governance of the business; Operations management; Operations management; HR Management; Asset Management and inventory control; Safety, health and environmental issues; Quality assurance; Image and reputation.</p> <ul style="list-style-type: none"> <li>• We will also like to facilitate links with importers</li> </ul>
<p><b>Duration of trainings and Time spent with participants</b></p>	<ul style="list-style-type: none"> <li>• Short term (from 2 weeks up to one month) one to one support with the small business on site.</li> <li>• The training is good but one-to-one is needed more</li> <li>• Seeing as we have just done a very intensive and in depth evaluation of this project I am thinking that the whole evaluation process needs to be re-evaluated and rationalised. The only change I would like to see is the Business trainer (Chris) has more time to be able to give more in-depth studies. At the moment we have level 1-3 all in the same lectures.</li> <li>• There is a need for more follow-ups</li> <li>• I think the follow ups are the most important part of the whole programme so that the success or failure of the recommended changes can be clearly seen and any amendments can be implemented.</li> <li>• I personally think that the program overall has plenty of good merit, but I would like to see more effort being put towards a more face-to-face and hands-on approach over a lengthier period of time, which would ultimately prove to be more beneficial to the recipient.</li> <li>• We need more volunteers to come around and visit us, and spend more time not 1 day.</li> <li>• The short interaction time during the visits doesn't really allow for in-depth change. I would prefer more time to work with the mentor in a more intense manner with longer visits whilst in Samoa. Setting goals to achieve in 3-6 months time is too long. I would prefer the learning and change in a shorter time phase say over 2-3 weeks of intense interaction – quicker results whilst having more time to understand and retain learning. I don't mind the follow up in 6 weeks, to review changes that started to occur during the first visit.</li> </ul>
<p><b>Expand Location and duration</b></p>	<ul style="list-style-type: none"> <li>• Held in more locations e.g. Savaii</li> <li>• Throughout the Pacific, there are many small-medium business enterprises that could certainly use the mentoring abilities of experienced business people and I would encourage the expansion and development of this scheme further. Starting a business in PNG is not only for those in urban areas, but interest from the Grassroots is also increasing and the courses should also be tailored to reach the grassroots and community groups who have a need to know how to tap into financial assistance.</li> <li>• The Mentorship program is a great program, which needs to reach the unreached in the remote areas as well. If all is counted in census, then all should be counted in improvement of life and I know the mentorship program extension to rural areas through local advocates and mentors is a key indicator. Women like us need capacity building to manage our small income regenerating businesses. I am glad that through this mentorship program, single mothers like us can maintain our businesses and also provide advice to those around us as well. It would be best to decentralize this mentorship program. This can be done by mentors providing advices to a group of locals that can then extend the advice to those in the islands.</li> <li>• I would very much like to have this program an ongoing program</li> <li>• I would highly recommend that the PBMP programme continue to assist businesses in the Pacific.</li> </ul>
<p><b>Assessment</b></p>	<ul style="list-style-type: none"> <li>• We would like to see a reporting monitoring and evaluation procedure to be conducted as soon as each annual Mentoring assignment is completed between/for both the Company and the Business Mentor and Chamber.</li> </ul>
<p><b>Logistics and Access to Materials/Software</b></p>	<ul style="list-style-type: none"> <li>• I would like lunch to be provided apart from normal tea &amp; coffee provided during tea breaks and for the mentoring programmes to be conducted at a bigger venue such as the Grand Papua Hotel (Papua New Guinea) as there are more Local Business Owners</li> </ul>

	<p>joining the programme every month where we could network and help each other progress and share ideas.</p> <ul style="list-style-type: none"><li>• Because we are an hotel, it would have been ideal for my mentor to stay with us so that he could better understand our issues. I know this is not always possible, but in our case it would have saved time and allowed more interaction. I suggest that all materials during the workshops should be given a copy to the participants rather than referring us to the ministry of commerce. I think if this programme is sponsored by NZAID then participants have the right to all resources rather than paying for the materials from the ministry of commerce.</li><li>• Members who just begin should have access to things like software such as MYOB, ATTACHE, accounting software or computers @ a lower cost because you mean to help us start or improve our business</li><li>• Technology based equipment's such as the discounted iphone, ipad or laptop can be accessed by enterprises as specific software can be downloaded for functions such as stock management, orders, delivers can be better managed and recorded by the enterprises. Even prices can be given on the spot. This as similar to the stock control that farmers and growers have for supplier/order based systems.</li></ul>
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## **APPENDIX B: FEEDBACK FROM MENTORS: EXECUTIVE SUMMARY**

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- Out of the 48 Pacific Business Mentors that received questionnaires, 31 sent completed responses. A further 7 mentors were interviewed face-to-face. Graphical information is included in the main report. Presented below are additional relevant comments with regard to the PBMP.

### **1. Training Needs Assessment**

- Only 44% of the mentors had received training needs assessment from all of their clients, 46% responded that they had received some and 10% had not received any.

### **2. Clients' Business Needs**

- There were a large number of varied business needs that the mentors identified for their clients. However, four needs were most prominent. There were:
  - o Poor Financial Reporting and Records and a Lack of Accounting Systems – identified by 74.1% of mentors
  - o Business Planning and Strategizing - identified by 61.2% of mentors
  - o Marketing Planning - identified by 54.8% of mentors
  - o Staff Management and Effective Leadership – identified by 32.2% of mentors
- Other major business need include: Lack of good information and business management systems and processes; Poor understanding of market, UPS and market position; Increase in turnover; and Access to Loans.

### **3. Most Significant Changes**

- The three most significant changes that the mentors observed with their clients are:
  - o Improved Business Planning – 45.1% of respondents
  - o An increase in Business Confidence – 38.7% of respondents
  - o Improved Financial Management and Accounting Systems and Processes - 38.7% of respondents
- In line with the needs and changes identified above, the major specialised needs that will require additional mentoring include: Training in Accounting and Financial Record keeping; Specialised Training in using accounting packages such as MYOB and Quickbook; and Marketing Planning and Promotion Activities.

### **4. Access to Finance**

- 45.1% of the mentors indicated that clients managed to receive new or additional funding to grow their business, with 35.4% indicating that their clients had not done so, the balance did not know.

### **5. Client Closure**

- Major reasons identified for mentors closing clients included: A lack of commitment by clients to the mentoring process; a lack of communication by the client to the mentor; and that the mentors had assisted the clients sufficiently to a point where no additional mentoring was necessary.

## 6. Risks to Environment

- 83.3% of mentors said that their clients business operation did not pose a risk to the environment as opposed to 16.7% that did indicate some risk. Some of the environmental risks identified include: A pig farm dealing with infection control and waste management; a rubbish removal company that relies on the municipal dump; tourism operators that need to be aware of their impact on the environment; human waste disposal; use of chemicals such as solvents for printing and paint and varnish in furniture making; residue from concrete casting; quarry operation; industrial discharges; and use of pesticides.

## 7. Delivery Challenges

- Major challenges faced by mentors in delivering the programme include:
  - o Poor communication from clients
  - o A lack of commitment by clients to the programme
  - o Meeting client expectations
  - o Accounting and Financial Challenges
  - o Gaining Client Trust
  - o Overcoming Cultural Barriers
  - o Poor Quality of the Client
  - o Logistical Challenges

## 8. Improvements to Efficiency and Effectiveness

- Many of the suggestions to improve the efficiency and effectiveness of the programme overlapped. Many of the mentors mentioned that the length of time between client follow up was too long and that this was resulting in a lack of commitment and enthusiasm and the tendency for clients to fall off track. It was suggested that more frequent visits would improve programme delivery. Local ownership of the programme through the clients, local mentors and Chambers of Commerce is also highlighted as being able to better improve programme delivery. Another suggestion is to early on in the programme gauge the commitment of the clients with more rigour and to release them from the programme when they are not committed.
- Other comments include relooking at the reimbursement model for the mentors. It seems as if what is being paid does not reflect the actual time and effort that they are putting into mentoring. It also seems as if some of the PICs have very high food and accommodation costs and the per diems paid to the mentors need to be adjusted accordingly.
- A couple of mentors complained about the poor management of the PBMP by BMNZ. They highlighted poor communication, slow payment, little interest in clients and mentors, and being only results oriented, and being treated like 'school children'.
- *The full list of mentor comments has been submitted under separate cover to NZ Aid and BMNZ for consideration as many comments concern country specific operational issues.*

## 9. Training Programme

- 68% of the mentors reported that they thought the training programme was either 'very good' or 'good'. 16% thought it was average and the balance did not know.



#### 10. Financial Contribution by Clients

- 55% of mentors through the clients should make some financial contribution to the cost of the mentoring and/or the training programme such as a nominal registration fee. 45% of mentors were not in favour of a contribution by clients.

#### 11. Developing cohort of local mentors

- The mentors were evenly split over whether the programme could identify and recruit a cadre of local mentors. The observations were across familiar themes that having local mentors is a good idea as they understand the local context better and could maintain contact and follow up, but there were serious doubts about finding the right people and their acceptability by the clients because of concerns over confidentiality and trust. Also the outsider's knowledge and experience was what clients were looking for. Country specific approaches was recommended.

## **APPENDIX C: FEEDBACK FROM NZ POSTS AND LOCAL COORDINATORS NOT VISITED**

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The following comments on the programme were received from Posts and Local Coordinators in those countries that were not visited during the fieldwork for the evaluation.

### **Local Coordinators Observations:**

#### A. Programme Challenges

- Understanding the clients - their needs vary, misconceptions - some clients think the program is here to fund their business.
- Geographical locations of some clients - accessibility for mentor
- Securing the numbers for each cohort
- Securing the right sort of clients
- Getting clients to commit for the full 12 months
- The reliance on the Internet - some clients here very old school and cannot use computer programs, Skype etc.
- Being a part of the PBMP team but being isolated at the same time.
- Getting response to Surveys and the level of follow-up to get replies.

#### B. Efficiency and Effectiveness

- Spread mentor programme evenly over the year – every three months
- Initially, we were advised the programme was not a full-time activity, but in reality we have found this to be not quite correct and requires greater input from a dedicated staff member than we had anticipated.
- Expectations by BMNZ on local coordinators are high and perhaps do not fully understand how difficult it is to get professional staff at the levels of remuneration that are offered by the Chamber. Considerable pressure to perform in a timely manner.
- The issue is with client commitment. This could be dissipated with more regular client contact – email is fine but can be problematic for us in country and certainly for some of the clients. Some form of group discussion using the new social media could be useful and provide for a more informal and regular client-mentor relationship. Having said this we understand the constraints on mentors' time.

#### C. Local Mentors

- Clients would prefer to learn from the bigger successful business owners and yet very few of who would give up their time to mentor other businesses. Overall being a small country and we know each other's potential and capabilities including successes and failures; clients will still prefer a mentor with extensive business background and good qualification from a country. Current NZ mentors have a wealth of experience.

- This should be a sustainability issue for the programme – to leave the country with a cadre of trained local mentors. In our country this was initiated with great gusto, then almost totally dropped. Reasons cited seem to be mainly on confidentiality issues – that clients would not open up to local mentors – why here and not in NZ? Initially we had training sessions with some highly seasoned professionals and we had their commitment – as that was almost a year ago and the programme has given them no clients I will struggle to go back and engage with the same people again. But somehow I feel we have to. I can see no reason why mentors can not buddy with local mentors - an on-job training and a local mentor they may be able to access more readily on a regular basis.
- I would say yes and no here. It would be great to have local mentors but at the same time in a small island, people just don't trust each other much with their business issues etc. Once they move out of this thinking then yes it would be possible but at the moment the issue is quite fragile. Plus the whole added value to the PBMP is that:
  - Mentors come from NZ
  - Confidentiality
  - Network that mentors have is useful
  - Knowledge they have is vast given the years they have been in business etc
- In respect to the local mentors, the problem that has to be overcome is the size of the private sector and the personal and professional conflicts that result. A lot of the success TBEC has had as an organization has been actually due to their "conflict resolution" role in getting individual business owners to trust and work with each other. The local mentors would have to be thoroughly vetted by a panel with a lot of local knowledge to make sure that the local mentor cohorts were individuals that were trusted and trustworthy. I think the kind of conflict resolution work that TBEC is doing is the first step in this direction, even in simply convincing businesses of the value of working together. In the meantime, perhaps the local mentor would not be privy to the details of the financial documents or business plan of the mentee, just to preserve that confidentiality? Also, the mentor would probably need to be in a different (not competing) field of business to the mentee. This would obviously diminish the value of the mentorship, but might be necessary. It would also take constant on-the-ground advising and support from the TBEC adviser to make sure the relationships, at least at first, ran smoothly. To sum up, I think it's possible, but it's a lot of small steps and long, slow relationship building that will make it happen.

#### D. Training Programme

- Training Programme has been the strength of the mentoring programme and has been the talk of the town. Structure of the program is set in such a way that sets the pace to other training programmes offered by other training institutions. It's UNIQUE!
- Clients find this particularly useful, especially when they can bring other staff along.
- Half-day training fits better with busy schedules of small business owners

#### **NZ POST Observations:**

##### A. Alignment with NZ Aid economic development agenda

- The PBMP aligns well with high-level strategic plans (i.e. Solomon Islands National Development Strategy and the Solomon Islands-NZ Joint Commitment for

Development) and complementary to NZ Aid support to Solomon Islands Small Business Centre.

- Support of SMEs aligns well with economic growth and urban development. Business Development links well with plans around urban development - part of which is to see local companies be better positioned to take up opportunities arising from several large capital/infrastructure investments (primarily donor funded) that are in coming on-line.
- PBMP fits in to the NZ-supported Tonga Business Enterprise Centre (TBEC) as an important part of its services. Many of its members access training, funding, and advising, and use the PBMP as complementary to the other services. The concept fits very well with our programme.
- NZ's aid programme in Fiji is constrained due to the political situation. In this context, the PBMP is a very positive economic development programme and makes a good contribution to NZ's efforts in this area.
- Very early days with engagement here in Niue. Seems to be good alignment

#### B. Alignment with partner country development priorities

- For entrepreneurs who are already in business, PBMP is important and helpful as there are limited options for guidance or mentoring on how to expand and grow a business. Exposure to learning from outside is useful for increasing long-term business productivity for both local and international markets.
- Very relevant, for partner government and private sector. Links with the National Development Plan - which is focused on Economic Growth & Poverty Reduction.
- The question of PBMP relevancy is currently under discussion by TBEC and the Nuku'alofa post. The current model of 6-monthly visits interspersed with correspondence seems not to deliver the most ideal results for the businesses, and often the entire responsibility of maintaining the communication falls on the Tongan business, because of the valid perception on the mentors' part that the Tongan business will contact them with questions. However, this communication often does not happen, to the detriment of the mentorship programme. TBEC has been able to remedy this to some extent through their own in-house advising services, but the system is not perfect.
- Very relevant. The government recognises that job creation and SMEs are critical to improving development outcomes.
- Need to ensure there is no duplication with the NZ aid programme here in Niue. Could be duplication with the Business Development Managers role funded by NZ Aid, and need to take into account the size of the very small market here. NZ Aid already funding both Tourism admin and Chamber admin.

#### C. Providing benefits to partner country

- Difficult to quantify at this early stage, but beneficiaries of the programme are learning a lot on how to operate more productive businesses and planning for the future. Business operators are thinking more about earnings well into the future and looking more toward international markets.
- There is however huge potential for local SMEs to bring more niche competition into the domestic market for goods and services. At the moment the private sector is

dominated by a few large international companies offering niche services; with many local SMEs selling the same goods and services

- The benefits are limited by the current structure and capacity of the programme. Small success stories abound, but they are often solutions to one-time problems, rather than an overall growth trend in the business.
- While there is an obvious direct benefit to the individual businesses involved, Fiji has a large private sector so it is hard to gauge the overall impact. That said, the PBMP has been effective in supporting those business it has engaged with, and this is referenced through the strong demand for their services in country. The PBMP has also received significant positive publicity, including recognition that the teams are highly skilled/experienced and have a lot to offer. Implementation has gone extremely smoothly. Has led to positive outcomes for businesses and public diplomacy for NZ in Fiji.

#### D. How to Improve implementation & value for money

- Raising awareness in more open forum of PBMP and how to be part of it. Many business owners still don't know what PBMP is.
- Tailor eligibility criteria for becoming a participant for different Pacific Island Countries and businesses. There are some potential local businesses in Solomon Islands who really want to participate in the programme, but they don't meet the criteria.
- There is interest in having the programme expand out to Provincial Centres, as these areas are constantly underserved, but need competitive private sector growth.
- Avoid focusing on just achieving numbers of clients particularly in the small economies. In Niue for example there are only 174 registered businesses in the country of which at least half are only operating to supplement family income. Getting 20-25 eligible clients each year is somewhat unrealistic.
- Possibly help to develop links between the different institutions supporting private sector (training and BDS) and local government agencies.
- Making sure that PBMP is reminded of the need to keep MFAT/Posts well informed and to be proactive in making links with broader Development Programme in each country.
- If possible, local mentors need to work alongside NZ mentors so that the businesses get the benefit of both. With the benefit of a local contact, the mentees can more easily maintain a constant relationship and locally relevant advice while also benefitting from the different perspectives of the NZ mentors.
- More resource to be allocated to the PBMP (or reprioritise) that would then enable more energy spent on SOE advisor support.

#### E. Risks

- There is risk of duplication with other BDS programmes in very small economies. Also need to harmonise mentor advice with any specialist technical advice being provided.
- Focusing on numbers of clients runs the risk of quantity rather than quality.

- It is very hard to measure the effectiveness of PBMP, because most of the mentees will be hesitant to rank the advice or training as anything less than excellent. Not only is this because of the cultural norm, but the businesses also feel obliged not to "complain" because the mentors are giving their time and services freely, and to do so would be perceived as ungrateful. So although things look fantastic on the surface, there may be several more good improvements to make to this commendable programme that may not immediately come out in mentee surveys.
- The model that PBMP is rolling out appears to be a "one model fits" all. Be aware of the different business environments in the different countries –they are not all the same.

## APPENDIX D: PERSONS CONTACTED<sup>18</sup>

ORGANISATION	CONTACT NAME	POSITION
<b>NEW ZEALAND</b>		
Business Mentors New Zealand	Ray Schofield	Chief Executive
Pacific Mentoring Programme New Zealand	John Helsdon	Country Manager - Pacific
Beyond Consulting	Dr Joyce Pereira-Laird	Principal Consultant
Kirkham & Elphick Limited	Chris Elphick	Consultant-Trainer-Mentor
BMNZ/PBMP	Ian Furlong	Programme Manager
BMNZ/PBMP	Kerry Burridge	Country Manager - Pacific
<b>VANUATU</b>		
New Zealand High Commission Vanuatu	Mikaela Nyman	Development Counsellor
New Zealand High Commission	Jimmy Nanuman Nipo	Development Programme Coordinator
NZ High Commission	Rebecca Williams	Development Programme
Vanuatu Chamber of Commerce and Industry	Astrid Boulekone	CEO
Vanuatu Investment Promotion Authority	Smith Tebu	CEO
Vanuatu Government Department of Industry	Wensie Wesley Naki	Senior Industry Officer (Forestry, Fisheries)
Barrett & Partners	Mark Stafford	Partner
National Bank of Vanuatu	Jerry Ishmael	Head of Retail Banking
Vanuatu Government Department of Co-operative & Ni-Vanuatu Business	Ridley Joseph Manasseh	Principal Training Officer
Vanuatu Tourism Office	Linda Kalpoi	General Manager
BRED (Vanuatu) Limited Groupe Banque Populaire	James Hudson	Head of Lending
Vanwoods	Juliean Sala	CEO
<b>SAMOA</b>		
Samoa Hotel Association	Litia Brighthouse	CEO
Samoa Tourism Authority	Sonja Hunter	CEO
SAME	Funefeai Mautanoa Oliva Vani	President
Small Business Enterprise Centre	Peseta Margaret Malua	CEO
New Zealand High Commission, Samoa	Peter Zwart	Manager- New Zealand Aid Programme
KVA Consult Ltd, Samoa	Epa Tuioti	Co-Managing Director
Samoa Commercial Bank	Ruth Thomsen	Senior Manager
Government of Samoa Ministry of Finance	Elita Tooala	Assistant CEO, SOE Monitoring Unit
Samoa Chamber of Commerce and Industry	Ane L Moananu	CEO

<sup>18</sup> The list excludes the mentors and clients that were interviewed in order to retain their anonymity.

"	Osana Liki	Policy Analyst
"	Hobart Vaai	Manager Member Services
Ministry of Commerce, Industry and Labour, Samoa	Pulotu Lyndon Chu Ling	Assistant CEO
Savaii Business Association	Taunese Tuiletufuga	President
Savaii Business Association	Tevita Tariu	Secretary
COOK ISLANDS		
Cook Islands Financial Services Development Authority	Jennifer A Davis	CEO
Bank of the Cook Islands	Vaine Nooana-Arioka	Managing Director
Westpac Pacific Banking, Cook Islands	Carmel Butler	General Manager
"	Joshua Beniston	Head of Relationship Sales
ANZ, Cook Islands	Brendan Sutherland	Head of Relationship Banking
Business Trade Investment Board (BTIB),	Terry Rangi	CEO
CI Ports Authority	Nooroa (Bim) Tou	General Manager
New Zealand High Commission Cook Islands	Jonathan Rowe	First Secretary Development
Chamber of Commerce	Lynne Samuel	Executive Director
"	Teresa Manarangi - Trott	President
Ministry of Finance	Mark Brown	Minister
CI Tourism Board	Halatoa Fua	Acting CEO
Economic Task Force	John Tierney	Member
CI Power Authority,	Apii Timitou	CEO



## **APPENDIX E: EVALUATION PLAN FOR PACIFIC BUSINESS MENTORING PROGRAMME EVALUATION**

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About this evaluation plan	
<b>Prepared by</b>	Keith Atkinson, Key Expert, Imani Development Austral Ltd
<b>Status</b>	Final, 31 August 2012
<b>Approved by</b>	Matthew Gibbs, Development Manager
<b>Approval date</b>	04/09/2012

## INTRODUCTION

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### Background and context to the Activity

In February 2010 the New Zealand Ministry of Foreign Affairs and Trade (MFAT) signed a 3-year Grant Funding Arrangement (GFA) with BMNZ for the PBMP, with the programme being rolled out initially in the Cook Islands, Tonga, Samoa, Vanuatu, Solomon Islands and Papua New Guinea. The PBMP was further extended in early 2012 to Fiji as well as the introduction of a pilot scheme in the Cook Islands and Samoa to begin mentoring the Chief Executives and Senior Managers of State Owned Enterprises (SOEs) in each country. By May 2012, the PBMP covers seven countries and 450 client businesses, including the Cook Islands, Tonga, Samoa, Vanuatu, Solomon Islands, PNG and Fiji.

The evaluation is being undertaken to inform funding and programme decisions around the future of the PBMP from January 2013. The evaluation will take into account the diversity in the operating environments of each partner country.

### Scope of the evaluation

- **Geographic focus:** The geographic focus for the evaluation is Tonga, Samoa, the Cook Islands, Vanuatu, Kiribati, Fiji and Papua New Guinea. It is noted that Fiji and Papua New Guinea countries joined the programme in late 2011 or early 2012. Niue and Tuvalu will be joining the PBMP in late 2012. Although the Evaluation will be evaluating the PBMP in its entirety, country specific issues, nuances and recommendations will be actively considered.
- **Target groups:** The two key target groups are the business mentor clients and the 'Agent'. The agents are the Chamber of Commerce contracted in each country to deliver the programme.
- **Activity parameters:** This evaluation will consider the full length of engagement between MFAT and BMNZ from the initial conceptual stage, through planning, negotiation and agreement, and implementation. The evaluation will look at all components of the programme including the mentoring of the Chief Executives and Senior Managers of State Owned Enterprises (SOEs). It is noted that the SOE programme has only recently entered an implementation phase.
- **Objectives:** The Evaluation will assess all five DAC evaluation criteria: Relevance, effectiveness, efficiency, sustainability and impact.
- **In-country visits:** The Evaluator will conduct in-country visits as part of the Evaluation. The countries to be included in the in-country visits will be Samoa, Vanuatu and the Cook Islands.

### Purpose of the evaluation

The evaluation will be used to recommend whether the current effectiveness, efficiency, relevance, sustainability and impact of the PBMP provides sufficient rationale/justification for future funding support for BMNZ by MFAT for a Phase Two of a PBMP.

This Phase Two could include:

- New or amended activities/interventions;
- A different geographic coverage for the activities; or
- New operating models in terms of working with other business service and delivery providers.

## **New Zealand Aid Programme evaluation principles underpinning this evaluation**

There will be a partnership approach with BMNZ and the PBMP in the evaluation process. This partnership approach will be extended to the programme's agents based in the beneficiary countries.

BMNZ will be consulted on the information gathering and sharing methodology, the scheduling of the fieldwork and the range of stakeholders to be consulted. The evaluator will determine the number and selection of stakeholders to be interviewed.

In undertaking the evaluation it is recognised in full that the findings and recommendations are presented from a completely independent stand-point, there is a high level of participation by the stakeholders and beneficiaries of the PBMP and there is consistent and transparent communications with the key stakeholders being MFAT, BMNZ, the programme managers and programme agents.

Although all feedback will be considered and incorporated as best as possible, MFAT will have the final decision-making authority.

## **Objectives and Evaluation Questions**

The Evaluation will assess all five DAC evaluation criteria: Relevance, effectiveness, efficiency, sustainability and impact.

However, the Evaluation will take into consideration that data and information will be less thorough and complete for the countries that entered the PBMP in the later years; namely PNG and Fiji and for the SOE programme, which has only recently started.

The evaluation will also consider and provide recommendations as to potential Phase Two of the PBMP to be designed and rolled out.

The evaluation objectives and questions are as stated in the Terms of Reference for the evaluation.

The objectives of the evaluation are as follows. In parenthesis is the key stakeholder/s to be engaged in addressing the particular question. All relevant reports and documents relating to the PBMP will be reviewed as an important source of information for a number of the Objectives:

**Objective 1:** to assess the relevance of the PBMP

- To what extent is the PBMP in alignment with the NZ Aid programme's strategic priorities and focus on sustainable economic development? (MFAT/NZ Aid Post in respective Pacific countries)

- How appropriate were the PBMP concept, design, and inception processes for BMNZ, and the differing operating contexts of each of the partner countries? (MFAT/Post/BMNZ/Agents)
- To what extent does the PBMP continue to be relevant to the PBMP beneficiaries, the New Zealand Aid Programme and partner country development priorities? (MFAT/Post/Agents/Beneficiary Countries Government)
- To what extent is the mentoring advice provided under the PBMP to the beneficiaries relevant to their needs? (Agents/Clients/Mentors)
- To what extent is the pilot SOE CEO mentoring programme relevant to the overall design, acknowledging that it is only in its formative stages?

**Objective 2:** to assess the efficiency of the PBMP

- Has there been value for money, in terms of delivering outcomes using the optimal allocation of resources? What was the cost per client for the training? What was the cost per client of the mentoring advice? How do the PBMP costs compare with other business mentoring programmes delivered in developing countries? (MFAT/BMNZ/Beneficiary Countries key stakeholders)
- How have the geographic spread and different operating contexts impacted on the cost/benefit of undertaking the PBMP in each country? (BMNZ)
- What could be done differently to improve implementation and value for money? (MFAT/Post/BMNZ/Agents)
- Are there ways the PBMP could be delivered more efficiently? (Synthesis of findings leading to Recommendations)

**Objective 3:** to assess the effectiveness of the PBMP

- To what extent has the original design and capacity development approach been followed during implementation and if differences exist, were these decisions aligned with achieving better results? (BMNZ/Mentors)
- To what extent was subject-specific (more specialist) business advice provided to the clients as a comparison to the provision of general business advice. (BMNZ/Mentors)
- Was the PBMP able to access specialist mentors to meet the specific needs of the clients. (BMNZ)
- To what extent have BMNZ and the local administrators delivered on the intended outcomes of the Activity? How has performance differed for each component/aspect of the programme? Are appropriate verifiable indicators in place for each component? (BMNZ/Agents/Mentors)
- To what extent is the Activity providing benefit to the partner countries, taking into account the differing private sector environment (in terms of size, complexity, overall market potential)? (Post/Agents/Beneficiary country stakeholders in government and private sector)

- To what extent has implementation addressed relevant MFAT's mainstreamed and crosscutting issues including human rights, gender equality, and environment? (BMNZ/Agents/Mentors)

**Objective 4: To assess the sustainability**

- To what extent is local ownership of the Activity, such as the recruitment of local mentors and an enhanced role of the local agent, being developed? (BMNZ/Agents/Mentors)
- What will constrain/enhance the sustainability of the results of the Activity? (BMNZ/Agents/Mentors)
- Is there an appropriate mechanism by which some form of cost recovery can be phased into the programme for mentoring and/or training services (BMNZ/Agents/Clients)

**Objective 5: To assess the impact**

- What factors have affected the achievement, or otherwise, of the intended outcomes? (BMNZ/Agents/Mentors)
- What positive and negative long-term impacts have resulted from the Activity? (BMNZ/Agents/ Clients)

**Objective 6: to inform funding and programme decisions relating to PBMP.**

- What are the lessons from the PBMP experience to date against lessons and good practice from other business advisory support services provided in the Pacific? (Literature review/Other donors/Beneficiary Country stakeholders)
- Has the programme demonstrated sufficient relevance and performance to justify a Phase Two?
- If not – why not?
- If so – what recommendations could be drawn as to the parameters and scope of a Phase Two of the programme/drawing on lessons learned from the evaluation?

These last three questions will be addressed through the findings and recommendations of the evaluation.

In expanding on the above Objectives, the following topics have been identified to be included in the evaluation report:

- 1: To what extent did PBMP operations improve, without market distortion, access by enterprises to expertise that would otherwise have been unavailable under the prevailing market conditions?
- 2: To what extent did PBMP operations have a catalytic effect in helping enterprises mobilise long-term local and foreign resources and investment?
- 3: To what extent did PBMP operations strengthen the local private sector business support sector's capacity to address the needs of enterprises– this may be an indirect benefit of the programme?
- 4: To what extent did enterprises that benefited from PBMP support improve their performance thereby contributing to longer-term viability and sustainability?
- 5: To what extent is the PBMP financially sustainable over the long-term horizon? Has the right balance been found between its developmental objective, the level

of commensurate project cost borne by the PBMP, and the financial viability requirements?

- 6: What steps need to be taken to enhance or improve the financial sustainability of the programme?
- 7: To what extent were PBMP operations complementary to and coordinated with those of other national, multilateral and bilateral development institutions and agencies?
- 8: To what extent did the risks identified in the GFA manifest themselves and what, if any action was taken to mitigate. Have new risks been identified that could impact on the future effectiveness of the programme?

## STAKEHOLDER ANALYSIS

This table shows the stakeholders and outlines their interest in the evaluation, any issues or constraints and their expected involvement.

<b>Stakeholder</b>	<b>Interest/stake</b>	<b>Issues/constraints</b>	<b>Involvement/participation</b>
MFAT/NZ Aid	Results & Impact and future funding/Secondary	Nil	Briefings/Oversight/Approvals
BMNZ/PBMP Management	Results and Recommendations/Primary	Nil	Information sharing/coordination /review of outputs
PBMP Agents	Results and Recommendations/Primary	Limited human capacity –addressed through forward planning and collaborative approach	Information sharing/coordination
PBMP Mentors	Results and Recommendations/Secondary	Nil	Information sharing
PBMP Clients	Recommendations/Primary	Limited human capacity and concern about confidentiality – addressed through collaborative partnership with PBMP Agent in setting up meetings, non-disclosure of commercially sensitive information and one-on-one interview format. Balance in number of female and male clients to be interviewed	Information sharing
Beneficiary Country Stakeholders: Government	Recommendations/Secondary	Nil	Situational context/Information /Response to future recommendations
Beneficiary Country Stakeholders: Civil Society	Recommendations/Secondary	Nil	Situational context/Information

## EVALUATION DESIGN

### Intended Results of the Activity

#### PBMP Project Logic Framework (as per the GFA):

Goal	Actions	Indicators	Sources of Verification
<b>Goal</b>	<b>To assist Pacific entrepreneurs to manage and grow their businesses in a way that supports sustained increases in production and employment.</b>		
<b>Objective 1</b>	Strengthen business management and empower Pacific businesses to participate competitively in the local and international economies.	<ul style="list-style-type: none"> <li>▪ BMNZ rolled out in 11 PICs over three years.</li> <li>▪ PBMP functioning effectively.</li> <li>▪ BMNZ website functioning effectively and accessible in each PIC.</li> <li>▪ BMNZ Pacific Agent is proactive in their role and promotes and assists the development of PBMP.</li> <li>▪ Pacific Administrator is proactive in the role and supports Clients and mentors under the PBMP.</li> <li>▪ Management structure for PBMP is effective.</li> <li>▪ Relationships functioning in full support of PBMP.</li> <li>▪ MFAT and stakeholders satisfied with progress being made.</li> <li>▪ Businesses feel empowered and able to demonstrate increased understanding and application of business management best practices.</li> <li>▪ Production (output of goods and services) and employment in the private sector increases.</li> </ul>	<ul style="list-style-type: none"> <li>▪ BMNZ website Client data collection facility, and survey.</li> <li>▪ Percentage of women in businesses being mentored verified.</li> <li>▪ Country private sector and economic statistics (e.g. through World Bank (WB), Asia Development Bank (ADB), UNDP, PIPSO).</li> <li>▪ Positive feedback from businesses and mentors, on role of Agent, Administrators, BMNZ, and PBMP.</li> </ul>



	<b>Actions</b>	<b>Indicators</b>	<b>Sources of Verification</b>
<b>Activities</b>	<ul style="list-style-type: none"> <li>• BMNZ Pacific Regional Manager appointed.</li> <li>• BMNZ Pacific Agent identified and contracted in 11 PICs.</li> <li>• Pacific-based Administrators appointed in 11 PICs and trained in their role.</li> <li>• 320 Clients established over 3 years = 40 Clients in 8 larger PICs.</li> <li>• 40 NZM recruited and trained, 5 in each of 8 larger PIC.</li> <li>• Up to 40 Clients established overall in Niue, Tuvalu, Tokelau.</li> <li>• Up to 5 NZM recruited and trained, 2 each for Niue, Tuvalu, and 1 for Tokelau.</li> </ul>		
<b>Output/ Outcomes</b>	<ul style="list-style-type: none"> <li>• The PBMP is established in 11 PICs over three years.</li> <li>• Measureable improvement to production (sales revenue) and employment, with sustainable growth being demonstrated.</li> <li>• PBMP is recognised in the region as effective and of value.</li> <li>• The contribution of PBMP to private sector development can be verified.</li> </ul>		

	<b>Actions</b>	<b>Indicators</b>	<b>Sources of Verification</b>
<b>Objective 2</b>	Identify and train PMs to ensure sustainability and ownership of the PBMP.	<ul style="list-style-type: none"> <li>▪ Recruitment process for PMs transparent and effective against agreed criteria.</li> <li>▪ PMs trained and supported in their role by BMNZ.</li> <li>▪ PMs understand and execute their role in promotion and sustainability of the PBMP.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Application forms assessed and can validate selection of PMs with necessary skills and experience.</li> <li>▪ PMs feedback indicates they are empowered in their role, and support readily available from BMNZ.</li> <li>▪ PMs play key role in strengthening PBMP, and can articulate their input.</li> <li>▪ PBMP continues beyond the initial 3 years of funding, through a combination of donor funding, regional sponsorship, and local contributions (this is the long term sustainable model used to maintain BMNZ in New Zealand).</li> </ul>
<b>Activities</b>	<ul style="list-style-type: none"> <li>• Appoint 10 PMs in each of the large 8 PICs against agreed criteria.</li> <li>• Train mentors in their role.</li> <li>• BMNZ continue to support PMs in their role.</li> </ul>		
<b>Outputs/ Outcomes</b>	<ul style="list-style-type: none"> <li>• Pacific Clients welcome the advice and assistance of PMs.</li> <li>• Increased number of Clients mentored by PMs.</li> <li>• PBMP operates beyond the period of BMNZ support.</li> </ul>		

The project logic is the starting point for assessing the results of the PBMP. The above LogFrame will be discussed in detail with MFAT and BMNZ as to its continued relevance over the duration of the programme, and in particular the extent of achievement of the key objectives and the measurement of the indicators. The sources of verification will be assessed by the evaluator, and will be reviewed as a key source of information for reporting on the degree to which the outcomes have been achieved.

Any significant divergence from the LogFrame Objectives during the implementation of the PBMP will be noted and assessed.

The KPIs identified in the GFA for the Programme to measure client level impact will be assessed through an analysis of the data gathered by the periodic client satisfaction surveys, and supplemented by the interviews with the sample of clients. The KPIs are as follows:

## **Key Performance Indicators**

The agreed Key Performance Indicators for the PBMP, to be measured against baseline data, are:

- **Employees:** Number of employees' full time equivalent (FTE) working in the business including owners.
- **Turnover:** Annual sales revenue increased.
- **Business Improvement:** Increase in the number of businesses with business plans, marketing plans, budgets and financial monthly reporting.
- **Export:** Growth in export sales
- **Businesses mentored:** Number of businesses mentored.
- **Client satisfaction:** Client satisfaction shows continuous improvement.

The evaluation report will also include an updated Logical Framework in its presentation of the findings with regard to the objectives, outcomes and performance indicators.

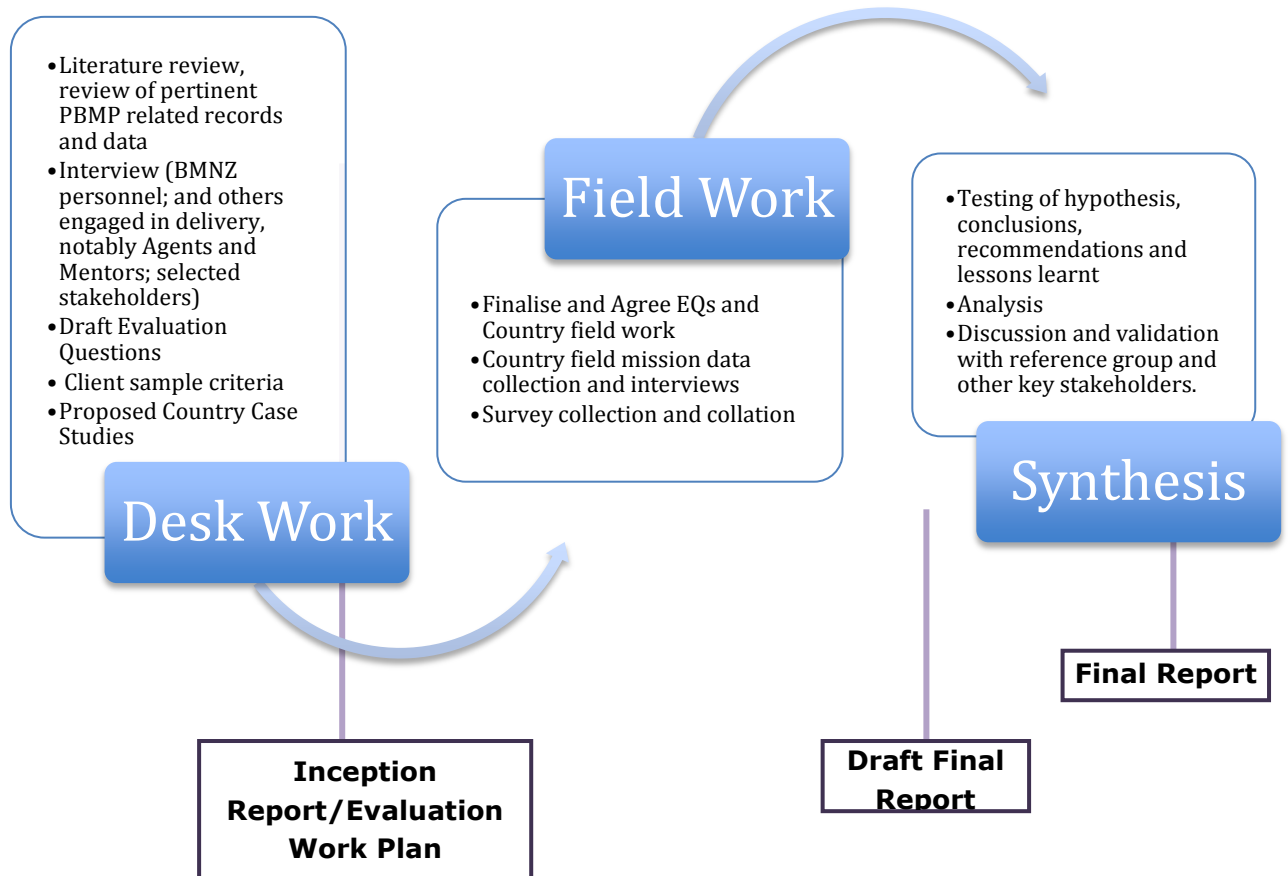
## INFORMATION COLLECTION

This table shows what information will be collected and how.

Question	Information required	Primary Information source	Method
1. <b>Objective 1:</b> to assess the relevance of the PBMP	PBMP project reports/client survey reports/perceptions by key stakeholders	BMNZ/PBMP, MFAT, NZ Aid Posts, PBMP Agents & Clients, Beneficiary Country Govts.	Documents review & interviews
2. <b>Objective 2:</b> to assess the efficiency of the PBMP	PBMP Budget and financial reports, project reports, perceptions by key stakeholders	BMNZ, MFAT, Agents	Documents review & interviews, cost-benefit analysis
1. <b>Objective 3:</b> to assess the effectiveness of the PBMP	Project logic review, data on clients' businesses, PBMP project reports, perceptions by agents & mentors	BMNZ, Mentors, Agents, other beneficiary country stakeholders	Documents review & interviews, client satisfaction surveys
2. <b>Objective 4: To assess the sustainability</b>	PBMP project reports, perceptions of relevant stakeholders	BMNZ, Mentors, Agents	Documents review & interviews
<b>Objective 5: To assess the impact</b>	Perceptions of relevant stakeholders	BMNZ, Agents, Clients, Mentors	Interviews, client satisfaction survey
<b>Objective 6: to inform funding and programme decisions relating to PBMP.</b>	Perceptions of beneficiary countries stakeholders (Govt & private sector), MFAT perceptions	Other relevant donors, beneficiary countries stakeholders, MFAT	Literature review & interviews

## DETAILED DESCRIPTION OF EVALUATION METHODS

The Evaluation study will be made up of a combination of deskwork, fieldwork and synthesis of findings. The phasing of this assignment is set out graphically below along with reporting milestones.



The Donor Committee for Enterprise Development (DCED) has published a Standard for Measuring Achievements in Private Sector Development (PSD). Much of the Standard is to ensure there is a clear understanding of, and process for, assessing the results chain. This is embedded in the concepts of Logical Frameworks, Project Cycle Management and attribution of benefits. The approach to this evaluation is based on the same principles and methodologies.

The key elements of the evaluation are as follows:

*Relevance:* an overall assessment of whether the interventions are in keeping with donor and partner policies ("policy relevance"), as well as with the client's needs and priorities. The evaluation will analyse the PBMP design and programme of work process and assess its internal coherence. The evaluation will review the Annual Work Plans to assess the goals, strategic objectives, expected results, envisaged activities, predetermined performance indicators and means of verification. The evaluation will look to see whether there have been changed circumstances that would call for a change in approach. The evaluation will thus review relevance at two points in time – when the strategy was designed and current applicability.

*Efficiency* is a measure of the productivity of the implementation process, how economically inputs are converted into outputs. Efficiency considers both the choice of instruments and the resources used. Efficiency, however, has also to do with the logic of appropriateness, organisational model, capacity utilisation etc. Based on the analysis a judgement will be made whether similar results could have been achieved more cheaply or quickly, and whether the organisational set-up and implementation methods are efficient.

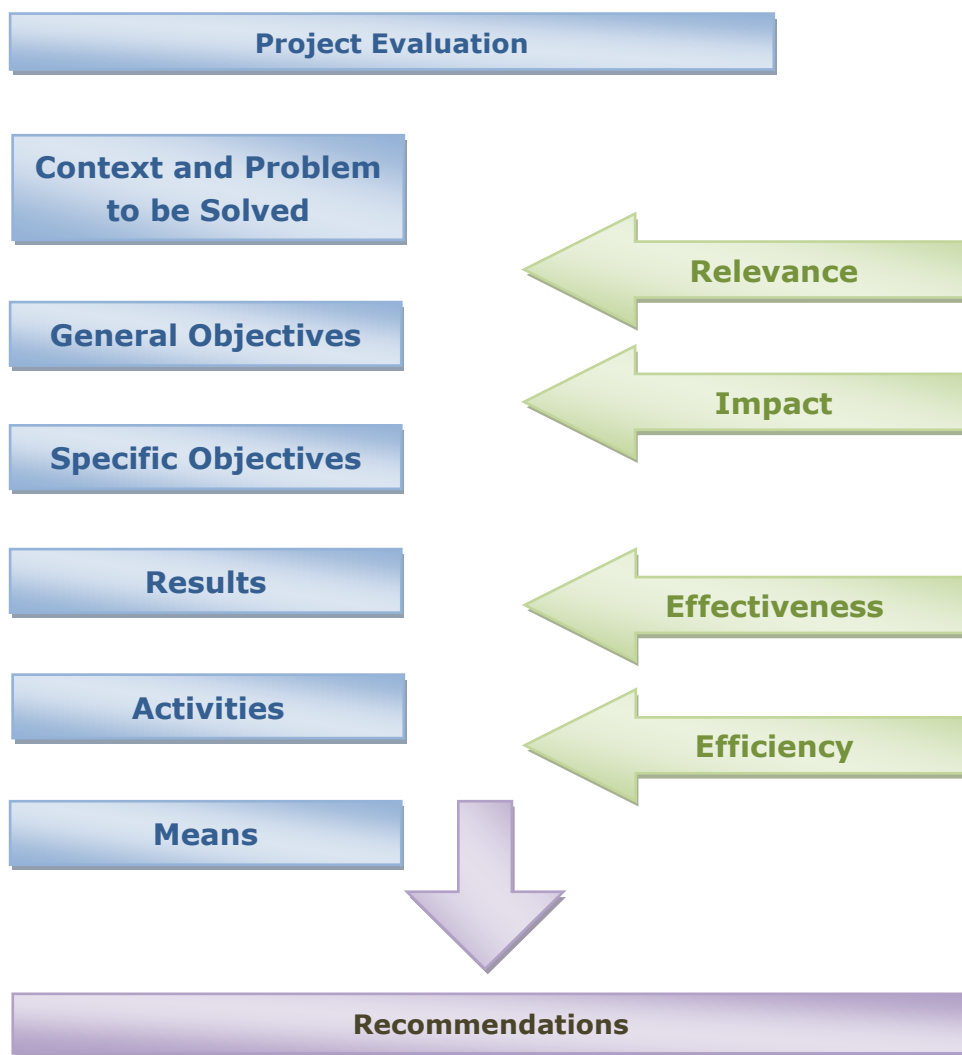
The *effectiveness* is a measure of the extent to which the PBMP is successful in achieving its objectives. Effectiveness pertains to the extent to which strategy and programme objectives have been realised through the activities or interventions. Achievements can be distinguished in outputs, effects (or outcomes) and ultimately impact (see below). The output is the immediate product of an activity. The effect focuses on the immediate objective, and can be indirect.

The *impact* comprises the changes produced by the PBMP actions, directly or as a side effect, intended or non-intended, positive or negative, and usually in the longer time horizon. The evaluation will assess the actual and anticipated broader impact of program at both the client and beneficiary country level.

*Sustainability* is the ability of the PBMP to deliver benefits to its target group/s for an extended period of time after the main assistance from the donor has come to an end. It refers to the potential to retain the achievements in financial, managerial, institutional and technical aspects. The evaluation will assess the degree of local ownership and the development of a national mentor group.

During this review the principles of the Programme Cycle Management (PCM) analytical approach will be applied to assess the degree of achievement of outputs according to the main components. Given that some components will only have been partially implemented, the evaluation will adopt a realistic approach to the measurement of output and impact, and will look for lessons learnt that could influence the future course of the PBMP to ensure success, and to give pointers for any potential successor program in this sector.

The logic of the evaluation process that will be followed is presented in the following graphic:



## **Desk Work**

This stage of the project involves the collection of primary documentation on PBMP, leading to the finalising of the evaluation work plan. At the same time the program logic and results chain will be reviewed in order to have a clear “checklist” of the anticipated key performance indicators as well as the assumptions underlying the anticipated relevance, effectiveness and impact of the program. Additionally an in-depth understanding will be created with regards to PBMP activities and the implementation processes of the various country programs.

Main activities for this stage of the project include:

- Prioritisation and scope for the evaluation;
- Review of Evaluation Questions, measurement criteria, and sources of verification;
- Initial identification of client case studies. Identification will be based on reviewing client profiles by the evaluator to ensure a cross-section of types of business is accessed.

A number of tools will be used to gather the requisite information from the stakeholders and beneficiaries. The three main methods are document review, in-depth interviews and a questionnaire survey of the PBMP agents and mentors. The questionnaires will be provided to MFAT for their review and approval. In addition it is proposed to present a small sample of case studies of clients that have benefitted from the programme to illustrate the most significant impacts.

The clients to be interviewed will be chosen by the evaluator from the pool of clients in the three countries to be visited. The clients will be chosen using semi-structured random sampling. The criteria to be applied for selection will be gender (where possible a balance of male and female owned enterprises), and across sectoral spread (representatives of the different types of business i.e. tourism, retail, IT, agribusiness etc). If available the sample will also include enterprises that have graduated or withdrawn from the mentor programme.

The evaluator will interview a sample of mentors based in the Auckland area. It is anticipated that about 8-10 mentors will be interviewed and they will represent different skills sets and have mentored in different PBMP countries. In addition, all mentors will be sent a questionnaire on their participation in the programme.

In-depth discussions will be held with the PBMP Agent in three of the countries. A questionnaire will be sent to all the other active Agents participating in the programme to seek their views on the PBMP with regard to the key evaluation criteria.

All PBMP clients will be sent an open letter by email advising them of the evaluation, its purpose and encouraging them to respond directly to the evaluator on their views of the programme and suggestions for improvement.



## Field Work

It is proposed to undertake the following steps in the field work:

Step 1. Briefing with key staff at NZ Aid/MFAT in Wellington. Review expectations and delivery of PBMP. Finalise approval of Evaluation Plan.

Step 2. In-depth review of PBMP with the BMNZ Project Manager in Auckland. Reports and documents review. Review assumptions, challenges, delivery modalities and anticipated impacts. Hold one-on-one interviews with representative sample of Business Mentors. Send questionnaire survey by electronic means to Mentors that are not interviewed. It is anticipated that about 8-10 Auckland based Mentors will be interviewed face-to-face. They will represent different skills sets and geographic coverage (target countries). All other Mentors will be surveyed by questionnaire.

Step 3. Finalise questionnaire for email survey to be sent to all Agents of the program in the target Pacific island countries. Questionnaire to focus on key evaluation criteria and in particular effectiveness, impact and sustainability.

Step 4. Undertake field mission to Cook Islands, Vanuatu and Samoa. Anticipated duration of 5 working days per country.

Mission to comprise:

- Meetings with PBMP Agent (usually Chamber CEO) in each country to review design, efficiency, effectiveness, impact and sustainability. Interviews will also be held with Agent's senior leadership such as Chamber President and Committee Members.
- Interviews with local mentors (if they have been appointed).
- Face to face interviews with representative sample of clients who have received mentoring services. It is anticipated that about 10-12 clients per field-visit country will be interviewed face-to-face. They will be drawn from different business sectors and will represent both male and female owned/managed enterprises. The evaluator will determine which clients to interview.
- Interviews with other key stakeholders including banking sector, and relevant Government departments, other private sector representative bodies, and donors (if any) working in PSD. This will assist in cross-validating the perceptions and findings from the Agents and Clients.
- Interviews with NZ Aid Post in each of the countries to comment upon the PBMP and wider development issues.

Step 5. Prepare case study stories on at least two clients per field mission country. The purpose is to explore in further detail the impact of the PBMP by doing a Most Significant Change profile on a few clients. Permission will be sought from the clients for such case studies to be presented in the report. The case studies will be used to illustrate the "lifespan" of a client prior to and during its involvement in the mentoring programme. The cases will be drawn from different business sectors and enterprise profiles.

**A very important aspect of the evaluation is the information to be collected from the beneficiaries of the PBMP. There are two major groups in this respect.**

The first is the national agents (usually the Chambers of Commerce) that would have participated in the program and it will be assessed the degree to which they would have benefited from capacity building aspects of the program as well as the indirect benefits of the improvement to the operations of their local enterprises.

The second group are the clients (approximately 450 enterprises) that also include the pilot mentoring to the State Owned Enterprises (SOEs) in Samoa and Cook Islands. With regard to the client group there are specific KPIs that the PBMP needs to achieve and data will be gathered through an in-depth review of the client satisfaction surveys and sample interviews on the achievement of these KPIs. However these KPIs need to be placed within the concept of a broader measurement of Economic, Social and Governance (ESG) indicators for the enterprises. It is intended to construct a straightforward ESG template that will aggregate the enterprise level data to report on the impact of the program. This approach will also overcome the issue of client commercial confidentiality, as individual company information will be aggregated for reporting purposes.

## **DATA/INFORMATION ANALYSIS**

### **Analytical Framework**

<b>Step</b>	<b>Comments</b>
<b>Step 1</b>	Develop a program logic that details how a program is intended to work. The program logic should provide a plausible association between the activities of the program and intended outcomes. Some components of the program logic will be understood or accepted while others will be less so and require clarification.
<b>Step 2</b>	The results chain (produced from step 1) will provide an indication of the intended results (outputs, intermediate and end outcomes) that can be measured. Existing evidence for the occurrence of these results is identified. Additionally, assess the links in the results chain. Some will be supported by strong evidence while others will be weak and require additional data or information.
<b>Step 3</b>	Assess alternative explanations. Gather evidence and populate Results Chart .In addition to assessing evidence linking the program to results, consideration will be given to the influence of external factors (e.g. other programs). Evidence or logical argument might suggest that some have only a small influence while others may have a more significant influence on the intended results.
<b>Step 4</b>	Use this information to create a performance story of why it is reasonable to assume that the actions of the program have contributed to the observed outcomes. The identification of limitations will point to where additional data or information is necessary.

### **Synthesis and Deliverables**

The Agent and Mentors questionnaire survey will be collated and analysed. The Client Survey Reports will be reviewed in detail. The results will be presented in both tabular and graphical format. Trends will be identified, quantitative data (such as on exports and employment) will be analysed, and qualitative comments evaluated for presentation in the draft report.

The information collected from the document review and the in-depth interviews held with BMNZ, Agents, Mentors, selected clients and other stakeholders during the field work will be synthesised around each of the main evaluation objectives, and reported on in the context of answering the key evaluation questions outlined in this evaluation plan. In each case key findings will be highlighted and these in turn will inform the recommendations.

## Cross-Cutting Issues

The following cross cutting issues were identified as being crucial to the design and implementation of the PBMP:

- **Poverty Reduction**

It is important that undertakings with respect to PSD are focussed to ensure that PSD contributes to reducing poverty. Partners to the Programme should ensure that support is given to a cross section of SMEs. *The Evaluation will assess the economic contribution of the clients to their national economies in terms of turnover, employment and exports.*

- **Gender**

Gender relations in PICs remain unequal, and the social structures are such that women continue to face issues of unequal access to political power and limited access to decision-making processes. The PBMP will ensure that women are included in the PBMP through an inclusive strategic approach to identifying and supporting women in business. Percentage targets for selecting women in business will be developed. Gender disaggregated data will be collected. *The Evaluation will assess the degree to which gender targets have been met through the review of client data. Interviews will be held with female-owned or managed clients.*

- **Environmental**

BMNZ will ensure that sound advice is given to Clients with regard to the environmental implications of their businesses, and that businesses are aware of, and operate with due regard to, national and international legislation and protocols. *The Evaluation will discuss this issue with the Mentors and the Clients and assess the degree to which there are environmental impacts and if these have been mitigated.*

- **Human rights**

While this was not specified in the GFA it is an issue to be explored, and in the context of the PBMP will focus on issues regarding adherence to national labour laws, health and safety and employee well-being.

## **ETHICAL CONSIDERATIONS**

The evaluation report will meet quality standards as described in New Zealand Aid Programme Activity Evaluation Operational Policy. These quality standards are based on 2010 DAC Quality Standards for Development Evaluation and New Zealand Aid Programme Activity evaluation operational policy, guideline and templates.

Our evaluation team adheres to the highest standards of professional ethics, including the standards of the Australasian Evaluation Society. They will ensure not only that high levels of confidentiality are applied to information gathered from individual enterprises and the report will mask corporate identities and the data from the clients will be presented in aggregate format. Interviews with PBMP clients will be undertaken in confidence with only the client and evaluator participating. Clients will only participate in the interviews if they are willing to do so, and have stated their informed consent.

At all stages of the evaluation the MFAT Steering Group and BMNZ will be consulted and advice sought. BMNZ will be the primary contact point with the national Agents and Mentors. They will be consulted on any particular ethical or cultural issues pertaining to the clients.

The TOR of the evaluation will be provided to BMNZ and their Agents. All participants in the interviews will be informed of the purpose of the evaluation, how the information will be used and the confidentiality of any commercially sensitive information.

The predominant usage of one-on-one interviews is to overcome power and gender issues, which are very prevalent in the Pacific Islands.

## LIMITATIONS, RISKS AND CONSTRAINTS

This table outlines potential or actual risks, limitations and constraints.

<b>Risk/limitation/constraint</b>	<b>Likely effect on evaluation</b>	<b>How this will be managed/mitigated</b>
One of the risks to the evaluation is the possible lack of response to the questionnaire survey.	Insufficient information from key beneficiaries	We will enlist the support of the BMNZ and the national Agents at the onset of the process to encourage them and Mentors to respond. We will also do direct follow-up with the respondents.
There is a possible risk of non-availability of key stakeholders during the field missions.	Impact on range and diversity of views and inputs to evaluation	Interview schedules will be set up in advance of field visits using the national Agent in each country, supported by the evaluation team local coordinator where required. If a particular stakeholder is unavailable then follow-up will be done either by the local consultant or by telephonic interview by the team leader.
Another risk is bias of response. This is where the respondent prefers to tell the interviewer what he/she thinks they want to hear rather than the reality (positive or negative).	Misinterpretation of program impact, and potential impact on recommendations	This will be mitigated by a thorough document desk review, through interviewing of disinterested stakeholders (institutions not directly involved in the program) and by quantitative information analysis.

## Feedback of Findings

The above information will enable Key Findings, Lessons Learnt and Recommendations to be arrived at, and will be presented in a draft report to the MFAT Evaluation Steering Group for circulation amongst key stakeholders and implementing partners as determined by MFAT for their comment and input.

Following receipt of comments and feedback on the draft report, a final report will be prepared by the evaluation team that will address the points raised. The final report will be submitted to MFAT.

## Documents to be used in the Evaluation

Documents to be used in the evaluation include:

- GFA and all approved variations
- PBMP reports submitted to MFAT
- BMNZ proposals submitted to MFAT
- Periodic Client Survey Reports
- Budget and Financial Expenditure reports
- Literature review of relevant papers on PSD and SME Development in the target PICs

## Activity Timeline

Activity	Location	Estimated Start	Proposed End
Document review	Home base	23 August	26 August
Preparation of Evaluation Plan	Home base & Wellington	23 August	29 August
Inception Briefing with NZAID/MFAT	Wellington	27 August	28 August
Stakeholder Questionnaire Preparation	Home base	23 August	30 August
Field work. In-depth interviews with key stakeholders and beneficiaries. Administer questionnaires to PBMP Agents and mentors by email	Auckland, Cook Islands, Samoa, Vanuatu	30 August	6 October
Information collection on case study companies	Cook Islands, Samoa, Vanuatu	3 September	6 October
Collate data & analyse findings	Home base	6 October	12 October
Draft report writing	Home base	14 October	19 October
Submit draft report to MFAT	Home base	22 October	22 October
Receive comments from key stakeholders	Home base	28 October	2 November
<b>Final evaluation preparation and submission to MFAT</b>	<b>Home base</b>	<b>Not later than 2 November</b>	

<b>Report to</b>	<b>Type of report</b>	<b>Due date</b>
Contract Manager	Evaluation Plan	03 September
	Draft Evaluation Report	22 October
	Final Evaluation Report	02 November