



**NEW ZEALAND**  
**FOREIGN AFFAIRS & TRADE**  
**Aid Programme**

# MID TERM REVIEW OF THE SAMOA PRIVATE SECTOR DEVELOPMENT PROGRAMME 2018-2023

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KVAConsult Ltd is a Pacific based consultancy firm specialising in economic and financial planning.

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## Glossary of Acronyms

ADD	Activity Design Document
ADB	Asian Development Bank
APTC	Australia Pacific Training Coalition
ANZ	Australia New Zealand Bank
BLP	Business Link Pacific
BSP	Bank South Pacific
CEO	Chief Executive Officer
CIS	Customer Information System
DFAT	Australia Department of Foreign Affairs and Trade
DBS	Development Bank of Samoa
FY	Financial Year
GoS	Government of Samoa
GDP	Gross Domestic Product
GESI	Gender Equity Social Inclusion
GBSC	Green Business Support Credit
GTPA	Global Trade Professionals Association
IMF	International Monetary fund
MSMEs	Micro, Small, Medium Enterprises
MCIL	Ministry of Commerce, Industry and Labour
MTR	Mid Term Review
MSD	Market Systems Approach
MERL	Monitoring, Evaluation, Research & Learning
M&E	Monitoring & Evaluation
MOF	Ministry of Finance
M4C	Markets 4 Change
MCR	Ministry of Customs & Revenue
NZ	New Zealand
NZD	New Zealand Dollar
NZMFAT	New Zealand Ministry of Foreign Affairs and Trade
NBS	National Bank of Samoa
OECD-DAC	Organisation for Economic Co-operation and Development's Development Assistance Committee
PAYE	Pay As You Earn
PAC	Project Advisory Committee
PIC	Programme Implementation Contractor
PICs	Pacific Island Countries
PSDP	Private Sector Development Programme
REOI	Request for Expression Of Interest
PPSDI	Pacific Private Sector Development Initiative
PHAMA+	Pacific Horticulture & Agricultural Market Access Plus Program
PFIP	Pacific Financial Inclusion Programme
PTI	Pacific Trade & Invest
SAT	Samoan Tala
SABS	Samoa Agri-Business Support
SBS	Samoa Bureau of Statistics
SCB	Samoa Commercial Bank



SCCI	Samoa Chamber of Commerce & Industry
SDS	Strategy for the Development of Samoa
SOE	State Of Emergency
SOEs	State Owned Enterprises
SBH	Samoa Business Hub
SPBD	South Pacific Business Development
TCMSC	Trade Commerce and Manufacturing Steering Committee
ToC	Theory of Change
TL	Team Leader
TSC	Transition Support Consultant
TA	Technical Assistance
TORs	Terms of Reference
UNDP	United Nations Development Programme
WB	World Bank
WIBDI	Women in Business Development Incorporated



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# 1

## Abstract

The Private Sector Development Programme (PSDP) 2018-2023 was launched in July 2018 with a closing date of December 2023. The PSDP provides development funding from NZ and Government of Samoa under a single programme that addresses a number of long standing issues in the enabling environment for private sector development and provides a balanced package of direct support to micro, small, medium enterprises (MSMEs) comprising finance (loans and equity) and business development services. **The PSDP's overall goal is to ensure inclusive economic growth and sustainable development of Samoa's private sector in alignment with national development objectives.** The objective of the Mid Term Review (MTR) is to provide a systematic assessment of activities implemented to date, to learn from these experiences, and to inform future decisions regarding implementation over the remaining duration of the PSDP and beyond i.e. lessons for possible future projects. Prior to the measles and COVID-19, PSDP was on track with achieving its outcomes and outputs. COVID-19 has since **reshaped people's behaviours towards a 'new normal'**. In light of this new normal the MTR recommends pivoting private sector support through PSDP for the remaining timeframe to ensure timely support for affected businesses as well as support to 'think outside the box' and explore new opportunities.



# 2

## Executive Summary

The Private Sector Development Programme (PSDP) 2018-2023 was launched in July 2018 with a closing date of December 2023. The PSDP provides development funding from NZ and Government of Samoa (GoS) under a single programme that addresses a number of long standing issues in the enabling environment for private sector development and provides a balanced package of direct support to micro, small, medium enterprises (MSMEs) comprising finance (loans and equity) and business development services.

**The PSDP's overall goal is to ensure inclusive economic growth and sustainable development of Samoa's private sector in alignment with national development objectives. Its specific objective is to facilitate improved performance of Samoa's private sector in order to generate improvements in profitability and employment.** It comprises of two components:

- Component 1: Enabling Support. This would address limitations in the enabling environment for private sector development generally
- Component 2: Direct Support for Micro, Small and Medium Enterprises. This would provide support for individual MSME-scale businesses, including both financial and non-financial instruments to catalyse increased private investment

During early implementation of PSDP, some key changes were made to governance, management and operational arrangements to improve the way PSDP was implemented. Some of these changes, whilst necessary, also represented a departure from the PSDP ADD. The key changes included the creation of the Programme Approval Committee (PAC) to provide oversight for component 1 activities.

The objective of the Mid Term Review (MTR) is to provide a systematic assessment of activities implemented to date, to learn from these experiences, and to inform future decisions regarding implementation over the remaining duration of the PSDP and beyond i.e. lessons for possible future projects. The evaluation has:

- Collated and reviewed a range of PSDP-related documents
- Carried out semi-structured discussions (using descriptive, causal, synthesis, and action questions) with key stakeholders
- Made use of an anonymous, self-administered (on-line) individual survey of key stakeholders
- Piloted a voluntary, structured, client-level questionnaire for identified clients under SBH Stream 1 and 3.

The MTR has been based on the OECD-DAC Framework using the key criteria of relevance/coherence, effectiveness & efficiency, and sustainability to assess if the PSDP is on-track to achieving its stated development objective. The main findings of the MTR, to be



presented to and discussed with key stakeholders at a workshop in Apia on 14 June 2021 include the following:

**Relevance & Coherence:**

The relevance of PSDP is assessed as HIGH given existing NZMFAT and GoS priorities especially with regards to MSME policy development and policy response mechanism to COVID-19. The coherence of PSDP modalities is HIGH and aligned with existing initiatives targeting the private sector. GoS priority remains on enhancing policy environment for private sector development through MCIL and providing targeted business development services and access to finance for MSMEs through SBH.

**PSDP Approach:**

The PSDP approach and underlying theory of change is assessed as MODEST given it has enabled progressive achievement of outputs for MCIL and SBH and allowed for improvements to the implementation of the PSDP in response to emerging priorities. However, alternative approaches such as Market Systems Approach (MSA) may be more responsive in addressing the impact of COVID-19 on MSMEs.

**Effectiveness & Efficiency:**

The effectiveness of PSDP is assessed as HIGH given establishment of MERL and GESI systems have been possible due to existing capabilities within MCIL and SBH in these areas. Overall financial progress of PSDP in line with approved budget with 55% disbursement rate for NZ funds and 60% disbursement rate for GoS funds. Short term outputs and outcomes have been effectively delivered; however, there may be challenges with ensuring medium to long term outcomes are met in light of COVID-19. The focus for MSMEs and implementing agencies is now on building resilience and sustainable business models vs business growth as originally envisaged prior to COVID-19.

The efficiency of PSDP is assessed as MODEST given achievement of outputs and short term outcomes. The gains through procurement processes for TA Facility are a significant benefit as well as quality of TA provided through PIC. PSDP outputs have been implemented in a relatively efficient manner, in terms of achievements of nearly all planned outputs for Component 1 and 2. However, due to COVID-19, the risk is high that the PSDP may not achieve its planned medium to long term outcomes.

**Sustainability:**

The sustainability of PSDP is assessed as LIKELY given existing capabilities within MCIL and SBH in these areas. Prior to the measles and COVID-19, PSDP was on track with achieving its outcomes and outputs. **COVID-19 has reshaped people's behaviours towards a 'new normal'. For private sector development, the pandemic brought with it fast-moving and unexpected variables that have forced the businesses to rethink how they could continue serving the target groups that they have committed to without compromising their statutory obligations. It has pushed the private sector to think 'outside the box' and explore new opportunities.**

**Lessons Learned:**

Key lessons learnt based on existing PSDP outputs and outcomes to date include:

1. The value of good project design (TA support & business trainings → business plans → loan guarantee & investment loan approved).





2. Time spent during design on clearly identifying project support inputs and approval procedures will translate into fewer delays during implementation.
3. The need for clear lines of communication between implementing agencies and consultants providing design or project management services AND between **Government agencies and communities setting out the 'rules of the game'** will lead to improved outcomes.
4. Alignment of monitoring and reporting mechanisms between PSDP and other similar investments and streamlining implementing procedures to optimize outcomes and **reduce the PSDPs' transaction costs on Government agencies and private sector agencies.**

## MTR Recommendations

### *PSDP Approach*

- Recommendation 1: Adopt a light MSD approach by incorporating elements of similar facilities like BLP financing mechanisms that have proven successful as well as the proposed DFAT Market Development Facility initiative. This would require further discussion between NZMFAT, PIC and SBH to identify the specialist support needed to help build the capacity of stream-3 staff to think and work in new ways and buy-in from SBH leadership to ensure its success.

### *PSDP Implementation Modalities & Resourcing*

- Recommendation 2: Adjust the allocation of funds between components and scope of work/TORs of key consulting inputs (amendments to existing major contracts as may be needed so as to adjust to the requirements of the project (for example, the TA Facility under PIC contract)).
- Recommendation 3: Pivoting targeted MSME support in light of COVID-19 impact on Business Growth scheme (Stream 3). PIC Transition Manager and team to assess with SBH feasibility of offering targeted short term TA support for SBH to address emerging TA needs in response to the impact of COVID-19. Assess feasibility of offering direct financing facilities (e.g. capital injection through a matching grant) in addition to guarantee scheme for MSMEs who are facing immediate bankruptcy/hardship due to COVID-19. Key steps for implementation of this recommendation include:
  - establishment of a simple mechanism for identifying and prioritising SBH TA needs between SBH, NZMFAT and PIC.
  - contract variation for PIC to reallocate/combine available programme funds into a specific budget line, **'Component 2 TA Support for SBH'** to facilitate procurement processes.
  - fast track discussions on possible areas of collaboration between PSDP and MDF.
- Recommendation 4: There are several options which came through the discussions on possible strategic direction for SBH in light of possible exit of key development partners at the completion of time bound projects. SBH is well aware of its capabilities and need for having a responsible financing strategy to ensure delivery of its core services. These include the expansion of its role in managing special projects which has built on its reputation to effectively manage and implement projects. Based on these capabilities, possible strategic direction for SBH include the following;

*Retain current mandate with expanded financial products*



- o SBH to retain current mandate with continued annual support from GoS to cater for the targeted core markets: Leverage 25 years of networking and relationships with clients to build a case for access to the full term deposits currently maintained by MOF. The growing capacity of SBH to implement special projects provides another key source of income to sustain their core functions, however, cost implication of maintaining these services need to be carefully considered once development projects are completed.

*Divestiture options*

- o Government or State Owned Entity: the capacity to pay among the clients SBH are servicing is very limited. These fees are not sufficient to ensure financial viability of SBH. GoS through the MOF and ADB are restructuring DBS to be more financially viable. The SABS Facility which provides the same services like SBH but to the larger MSMEs in agriculture is now earmarked for absorption into DBS when the project ends in 2021. There is merit in assessing the feasibility of SBH to be fully integrated into existing government entities such as DBS or to be set up as a SOE itself. This would require a big culture shift within DBS and SBH if this option is taken.
  - o Fully Commercial Entity: another viable option to consider would be to sell to a commercial entity such as SCB who have similar products and target the same market segments as SBH. A variation of this option is for SBH to be fully commercialized and pursue a full business model similar to SPBD by building on its microfinance and microinsurance products. Further analysis on the viability of this option is also warranted.
- Recommendation 5: Continuous update and integration of PSDP results framework into SBH CIS system & MCIL M&E as more data on outputs & outcomes are collected by MCIL & SBH. Building on PIC support provided to SBH to design and run its first annual client survey in 2020, SBH to continue annual client surveys from 2021 onwards.
  - Recommendation 6: No extension of the Closing Date is recommended at this time but this would need to be revisited by the end of 2022. No additional finance is recommended at this time but this would need to be revisited by end 2022 to address potential inequities and for project management costs associated with an extension (if needed).
  - Recommendation 7: Strengthen existing governance mechanism for PSPD by reinforcing high level (CEO or relevant authority) representation in PAC as well as SBH Board. The inclusion of key agencies like MFAT Samoa in PAC to ensure coordination with relevant programs including Pacer Plus.



# 3

## Background

### The Activity

The Ministry of Foreign Affairs and Trade (MFAT) provides development funding for the Samoa Private Sector Development Programme (PSDP) 2018-2023 which consolidates **MFAT's support under a single programme that addresses a number of long standing issues** in the enabling environment for private sector development and provides a balanced package of direct support to micro, small, medium enterprises (MSMEs) comprising finance (loans and equity) and business development services.

The overall goal of PSDP is inclusive economic growth and sustainable development of **Samoa's** private sector in alignment with national development objectives. The specific **objective is to facilitate improved performance of Samoa's private sector in order to generate** improvements in profitability and employment.

The rapid spread of the COVID-19 pandemic from March 2020 has greatly impacted the global, regional and national economic or private sector activities. The situation continues to evolve and the outlook remains uncertain. Recovery is now expected to start later and be slower than previously foreseen. Travel restrictions and containment measures are likely to be in place for longer, and are expected to be lifted only gradually, with the possibility of reversal should new waves occur. Even when business supply chains start to function again, new health protocols mean businesses will be operating at restricted capacity. Overall, domestic demand remains subdued given continued social distancing and containment measures, weak tourism, and a rather lackluster recovery by historical standards in global trade.

The updated quarterly Gross Domestic Product (GDP) reports from the Samoa Bureau of Statistics (SBS) in December 2020 highlighted an overall -3.5 percent reduction in real GDP for FY 2019/2020. On a quarterly basis, the highest recorded decline of real GDP (-15.4 percent) was noted at the end of September 2020 when compared to the same quarter in 2019. This rebounded slightly to -8.0 percent in the following quarter (December 2020). When annualized this represents a contraction of -9.1 percent (or approximately SAT\$170 million reduction) for nominal GDP for calendar year 2020. The impact is being felt throughout the entire private sector ecosystem just as it was recovering from a measles outbreak in late 2019. In 2020, with the exception of public administration, utilities and personal/other services the rest of the industries contracted beyond the levels set in 2018<sup>1</sup>.

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<sup>1</sup> SBS GDP Quarterly Report December 2020



The Government of Samoa (GoS) has made substantial efforts to build its macroeconomic resilience in recent years, including by raising domestic revenues, containing spending and bringing down the level of public debt. This has put it in a good position to implement a substantial economic response package (totalling around 7 percent of GDP over two phases) to help mitigate the impacts of COVID-19<sup>2</sup>. Overall, due to these unforeseen health related disasters, the economy contracted by 3.5 percent in FY2019/2020 and is expected to contract by 8.5 percent in FY2020/2021, due largely to the effect on tourism-related industries<sup>3</sup>. The projected output growth rates for selected Pacific Island Countries (PICs) also indicate overall negative growth in FY2020/2021 with slight improvements expected for FY2021/2022 as global and national level restrictions ease off once vaccinations are underway in 2021. This trend indicates a number of economies including Samoa will not achieve pre-pandemic growth until 2026<sup>4</sup>.

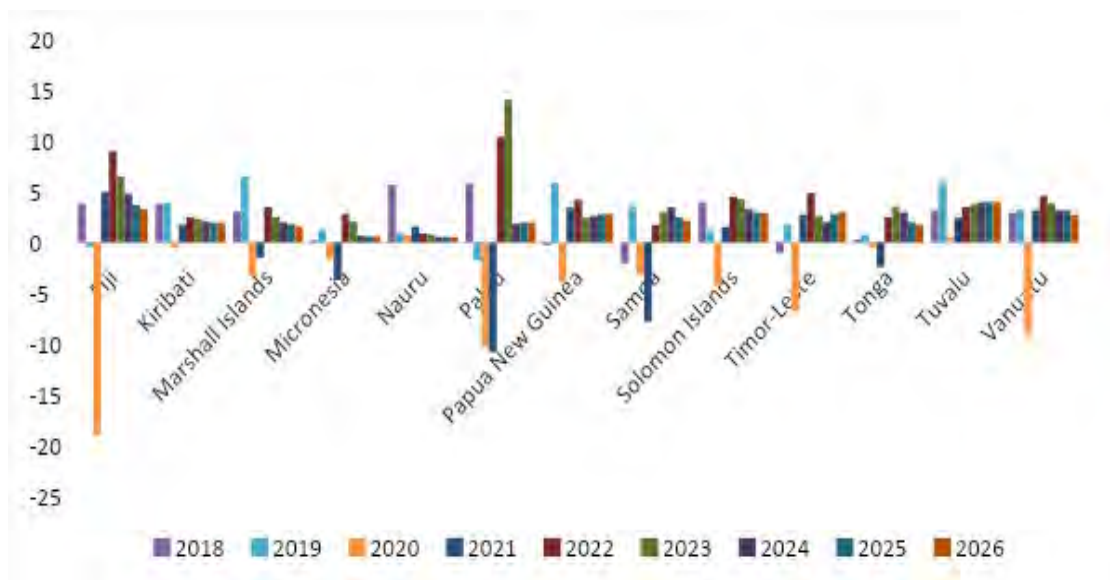


Figure 1: Real GDP Growth Forecasts for Selected PICs

The total number of businesses per industry in 2018 was 6,223 and it grew by 2 percent to reach 6,374 in 2019<sup>5</sup>. An indicative number of businesses which are classified by Ministry of Customs and Revenue (MCR) as Small, Medium sized Enterprises (i.e. annual turnover of less than 1 million tala) was more than 4,000<sup>6</sup>. However, this definition is not used by the **Micro, Small and Medium sized Enterprise (MSME) Policy released in 2020**. The 'interim' definition of MSME refers to the 'number of registered employees' as the size indicator, with

<sup>2</sup> World Bank Samoa First Response, Recovery and Resilience Development Policy Operation with a Catastrophe Deferred Drawdown Option Project Information Document December 2020

<sup>3</sup> IMF Article IV Staff Report 2021

<sup>4</sup> IMF World Economic Outlook April 2021

<sup>5</sup> SBS GDP Quarterly Report December 2020

<sup>6</sup> MSME Policy and Strategy 2020





'registered' constituting those workers registered for PAYE, and 'employees' using the definition from the Labour and Employment Relations Act 2013. The policy further states that this interim definition would be subject to further changes as more accurate information on MSMEs are collected once the policy is fully implemented. The impact of COVID-19 on these MSMEs has affected thousands of livelihoods across Samoa, including vulnerable communities who rely on private sector businesses in key sectors such as tourism to spur their development and economic inclusion.

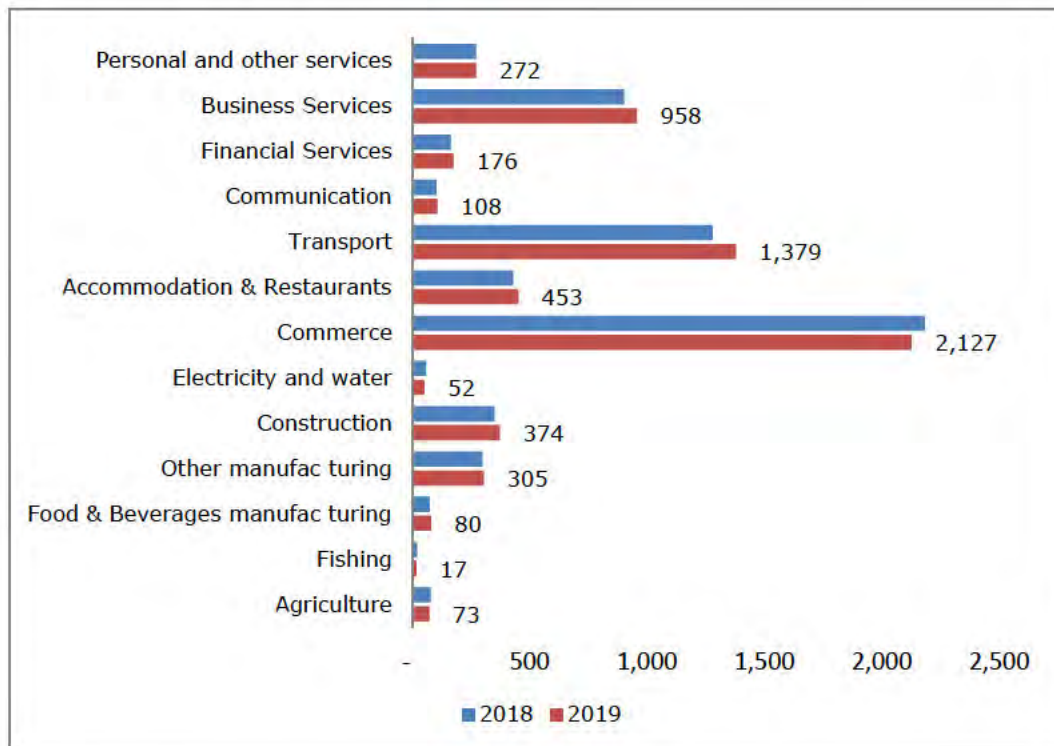


Figure 2: Number of Registered Businesses by Industry 2018 & 2019

Commercial lending to key industries within the private sector reflects a major drop in the 'Other Activities' category since COVID restrictions were put in place. This is where the bulk of MSMEs are categorized in terms of lending by commercial banks. However, there are also potential growth areas whereby medium to larger businesses could access support as shown by the increased lending to key industries including Agriculture, Trade, Construction and Manufacturing<sup>7</sup>.

There has been no change to Samoa's overall Doing Business ranking in 2020 (ranked 98 and ahead of the PICs with a doing business score of 62.1 out of 100). This score is low by global standards but still ahead of all PICs in the region<sup>8</sup>. The main areas that have worsened

<sup>7</sup> Central Bank of Samoa Monetary Developments T3 February 2021

<sup>8</sup> World Bank Doing Business Report for Samoa 2020

<https://www.doingbusiness.org/en/data/exploreconomies/samoa/starting-a-business>



since 2018 is Trading Across borders with the increasing cost of importing and exporting as well as the ongoing challenges with access to credible credit information for MSMEs. Notably, MCIL are addressing these issues through the development of its national Industrial Policy particularly with regards to the methodology utilized for the calculation of the Trading Across borders indicators such as freight cost.

The GoS continues with full precautions and preventive measures to control the transmission of COVID-19, including preparation of the health system to treat and care for patients. Social distancing measures and overseas travel restrictions remain in effect under the continued State of Emergency which was declared on March 20, 2020. **The full reopening of Samoa's** borders is dependent on access to a vaccine as well as the status of travel restrictions in other countries especially our key tourism markets like New Zealand, Australia and American Samoa.

## Evaluation Purpose and Design

### Purpose

The main purpose of the MTR is to assist NZMFAT and key PSDP stakeholders to:

- identify progress towards PSDP outcomes, including any positive and negative unintended outcomes from the PSDP (effectiveness and efficiency) and the likely sustainability of these going forward;
- ensure ongoing relevance and coherence of the PSDP to the context in Samoa particularly in light of the ongoing impacts of COVID-19;
- examine the PSDP approach to private sector development and whether this is effective and efficient;
- examine whether the PIC model used to support implementing agencies (MCIL and SBH) in achieving PSDP outcomes is effective and efficient;
- capture key changes (what and why) to governance, management and operational arrangements made to improve implementation of the PSDP;
- identify improvements to strengthen implementation by MCIL and SBH of Components 1 and 2 of the PSDP in the out years (years 4-5) that would improve the efficiency and effectiveness of their work;
- identify any improvements in out years (years 4 and 5) to strengthen the way PIC supports MCIL and SBH to deliver their respective components.

### Scope

As per Terms of Reference the scope of the review covers the period of 26 months from 1 July 2018 to 31 August 2020. The MTR focused on assessing the core criteria as outlined in the TOR and summarized below.

- **Criteria 1: Relevance and Coherence** - Assess relevance through the extent to which the PSDP **objectives and design respond to beneficiaries', Samoa, and partner/institution needs, policies, and priorities, and continue to do so if circumstances change.** Assess coherence by looking at the compatibility of the PSDP with other interventions in Samoa and the sector with particular focus on internal coherence (synergies/interlinkages between PSDP and other similar interventions) as well as external coherence which measure the extent to which the PSDP is adding value while avoiding duplication of effort.



- Criteria 2: Examine Approach of PSDP - Assess the underlying theory of change as outlined in the revised PSDP Monitoring, Evaluation, Research and Learning (MERL) Framework sound and ensure this is still the right approach.
- Criteria 3: Effectiveness and Efficiency - To examine the progress being made to date in achieving PSDP outputs (Components 1 & 2) and short and medium term outcomes including for the last 12 months (March-August 2020) in the context of COVID-19.
- Criteria 4: Lessons Learnt and Sustainability - Lessons learnt to inform ongoing implementation – to identify any implementation challenges that impact on effective and efficient delivery of the PSDP components and PIC support and how can they be improved (recommendations) to deliver sustainable outcomes in the out years (years 4-5) of the PSDP.

#### Design and Approach

The MTR review process started on 1 March 2021 and followed the approved methodology and approach outlined in the PSDP Review Plan submitted on 9 March 2021.

- Desk Review – reviewed and synthesized relevant reports to obtain quantitative data on key indicators and information from the identified sources.
- Focus Group Discussions – semi structured face to face interviews with 26 key stakeholders.
- Survey Questionnaires - circulated the general survey to 46 identified unique stakeholders via Survey Monkey. Main purpose was to gauge progress of PSDP components and there were 17 complete responses received. For the pilot SBH Client survey, the team completed 13 out of 14 semi structured face to face interviews with SBH clients approved under Stream 3 – Business Growth unit as well as Green Business Support Credit (GBSC) microfinance facility.



## 4

## Overarching Findings

## Relevance and Coherence

## Purpose

To assess (i) relevance through the extent to which the PSDP objectives and design respond **to beneficiaries', Samoa, and partner/institution needs, policies, and priorities, and continue** to do so if circumstances change and (ii) coherence by looking at the compatibility of the PSDP with other interventions in Samoa and the sector with particular focus on internal coherence (synergies/interlinkages between PSDP and other similar interventions) as well as external coherence which measure the extent to which the PSDP is adding value while avoiding duplication of effort.

## Overall Findings

PSDP Relevance: The relevance of PSDP is assessed as HIGH given existing NZMFAT and GoS priorities especially with regards to MSME policy development and policy response mechanism to COVID-19.

PSDP Coherence: The coherence of PSDP modalities is HIGH and aligned with existing initiatives targeting the private sector. GoS priority remains on enhancing policy environment for private sector development through MCIL and providing targeted business development services and access to finance for MSMEs through SBH.

## PSDP Relevance

The Government and its development partners acknowledge the importance of private sector development to economic and social development as evident through the opportunities identified for private sector development in Samoa 2040 as well as Outcome 5: Participation of Private Sector in Development Enhanced in the current Strategy for the Development of Samoa (SDS 2016-2020).

The original design of the PSDP consolidated NZMFAT support under a single programme that addresses a number of long-standing issues in the enabling environment for private sector development and provides a balanced package of direct support to MSMEs comprising finance (loans and equity) and business development services. The overall goal of PSDP for inclusive economic growth and sustainable development of Samoa's private sector also remains aligned with the 2020 MSME Policy & Strategy vision: **"Samoa will have a sustainable and globally competitive MSME sector that contributes to growth in GDP, employment and exports"**.

PSDP comprises of two components, defined in the Activity Design Document (ADD) as short, medium and long term outcomes: (1) Enabling Environment addresses issues and emerging priorities in the enabling environment for private sector development the quality system for business advisors; (2) Direct Support for Micro, Small and Medium Enterprises - provides





support services for individual MSMEs, including both financial and non-financial instruments to catalyze their growth.

The MSME policy acknowledges that whilst MSMEs share some commonalities, different sizes and types of businesses have different needs and growth prospects which require specific policy responses<sup>9</sup>. Some of these differences are evident with the types of MSMEs currently supported by the market. Small to medium sized enterprises tend to have sufficient security to allow for ease of access to finance with traditional financial institutions. Whereas as micro or startup enterprises require subsidisation and business support services in order to be more competitive. This type of issue further supports the PSDPs specific objective which is to facilitate improved performance of Samoa's private sector in order to generate improvements in profitability and employment.

Feedback from consultations and the general survey indicate the PSDP continues to be relevant given its key objectives of supporting the growth of SMEs. Representatives of the banking industry indicated that the PSDP has provided positive impacts for their clients and **Samoa's economy**. This was evident with signs of improved standard of living, social economic benefits being provided in this area, as well as improved management skills of business owners through training and advisory services provided.

**The economic outcomes of SBH's activities have** also been analysed through several independent impact assessments with the recent one covering the period 2014-2018 completed in 2020. The impact assessment indicated that SBH continues to provide value for its business clientele and now provide three streams of services targeted at a much broader spectrum of enterprises:

- Stream 1: micro-enterprises and start-ups
- Stream 2: small, more established enterprises
- Stream 3: medium sized enterprises with growth potential

Overall, **SBH's services remain relevant as it** continues to service an important client group currently not adequately addressed by formal financial institutions. These include start-ups, micro and small enterprises - which cannot (a) afford to pay commercial rates for business support and (b) access commercial bank lending. SBH therefore plays an important public good role. There remains, however, a narrative that SBH should be financially self-sufficient and reduce its reliance on donor funding. Given its client base, this is not really realistic and has become even less so with the impact of the COVID-19 crisis on MSMEs' bottom lines. In addition, given the projected prolonged impact of **COVID-19 on Samoa's economy over the** coming years, there is a high likelihood subsidies provided through programs such as SBH are the best way to address genuine market failures like ability of MSMEs to service their debts and access finance for business sustainability.

Relevance against other private sector development initiatives

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<sup>9</sup> Samoa MSME Development Policy and Strategy 2020.



The current regulatory environment is geared towards more formal or medium to larger end of the MSME scale. This is also evident with the type of clientele the traditional banks are able to service based on their asset base and ability to service their debts. SBH therefore continues to provide significant support to MSMEs through the PSDP in the form of business development services and guarantee support for loans through the financial institutions as highlighted in their annual reports since 2018.

Similar initiatives are being offered as well to the private sector as reflected in a recent mapping exercise of existing private sector development initiatives undertaken by DFAT in December 2020. The analysis highlighted a range of existing initiatives which are targeting MSMEs by providing subsidised or free support directly to businesses, direct partnerships, supporting businesses to access finance, and programs focused on the business enabling environment. An example of an alternative scheme targeting the micro to start up end of MSMEs is the DBS pilot Microfinance Program which specifically targets women based in Savaii. The DBS program relies on group guarantees as a form of security for accessing micro loans ranging from SAT\$ 1,500 to SAT\$ 10,000 and members are not expected to have formal bank accounts.

The following presents a summary of key initiatives and possible areas of alignment with existing initiatives as well as opportunities where PSDP could focus on for the remaining period of the programme<sup>10</sup>:

Private Sector Approach	Existing Initiatives/Investments	Possible Opportunity for PSDP
<p><b>Policy and Business Enabling Environment (BEE)</b> Business environment analyses, such as the World Bank's Doing Business Reports, identify the major policy constraints to business growth.</p>	<ol style="list-style-type: none"> <li>1. Markets for Change (M4C)</li> <li>2. Pacific Private Sector</li> <li>3. Development Initiative (PSDI)</li> <li>4. PHAMA+ (partial)</li> <li>5. Pacific Financial Inclusion Program (PFIP)</li> <li>6. Pacer Plus Support (various)</li> <li>7. Samoa Governance Support Program</li> </ol>	<p>Take into account Pacer Plus training needs analysis being undertaken by MFAT Samoa. Can refer concept notes from TA Facility to these other sources of funding if resources are limited under PSDP Component 1.</p>
<p><b>Business Development Services (BDS)</b> investments seek to provide services that improve the performance of individual enterprises in a range of areas (such as marketing, financial management, digitization, leadership, human resources management, customer segmentation, certification, exporting, etc.)</p>	<ol style="list-style-type: none"> <li>1. Business Link Pacific (BLP)</li> <li>2. Global Trade Professionals Association (GTPA) M4C</li> <li>3. PHAMA+</li> <li>4. SABS</li> <li>5. Samoa Chamber of Commerce and Industry (SCCI)</li> <li>6. South Pacific Business Development (SPBD)</li> <li>7. Support Services for Small Business</li> <li>8. Scaling Frontier Innovators (IxC)</li> </ol>	<p>The main point of differentiation for support provided through PSDP from identified programs is the targeted support provided by PIC for organizational development as well as ability PSDP to respond to emerging priorities from business organisations through the TA Facility mechanism.</p>

<sup>10</sup> Adapted from Samoa Private Sector Development Landscape – Gaps & Opportunities Report 2020, Palladium



	<b>9. Women in Business Development Inc. (WIBDI)</b>	
<p><b>Access to Finance</b></p> <p>Affordable access to finance is vital to economic development anywhere. Donor investments in this space vary from direct investments</p>	<ol style="list-style-type: none"> <li>1. BLP – (Financing Facility &amp; Finance Finder)</li> <li>2. M4C</li> <li>3. Pacific RISE (direct investments)</li> <li>4. Pacific Trade and Invest (PTI)</li> <li>5. Pasifika Diaspora Fund</li> <li>6. PFIP</li> <li>7. SABS</li> <li>8. SPBD</li> </ol>	<p>Utilization of MSME Policy &amp; Strategy to guide investments for those offering BDS services.</p> <p>Focus on timely market analysis building on client information systems for more strategic investments in growth industries.</p>
<p><b>Market Systems Development (MSD)</b></p> <p>MSD aims to understand how people interact with market systems, and how these systems can be changed using limited, time-bound interventions to improve outcomes for the poor at the greatest scale.</p>	<ol style="list-style-type: none"> <li>1. Market Development Facility (regional component)</li> <li>2. commencing 2021)</li> <li>3. PHAMA+ (transitioning to MSD)</li> <li>4. BLP (light-touch MSD)</li> </ol>	<p>There is an opportunity for more synergies with programs like BLP which utilizes the market systems approach (MSD). The MSD approach allows room for change mainly by taking into account a strong understanding of current market dynamics, a good grasp of the existing incentives and capacities of relevant market players, and an idea of how to influence or change their behaviour<sup>11</sup>.</p> <p>A more substantial MSD investment relies on building the skills and capacity of a small cadre of local business advisors to pilot, test, adapt and facilitate systemic interventions in key growth sectors.</p> <p>PSDP could consider this approach in its MERL and remaining years of the programme.</p>

**Table 1: List of Current Private Sector Development Initiatives**

These types of intervention were not part of the original PSDP design. In late 2019, SBH launched a similar scheme called the GBSC which was funded directly from SBH reserves generated through its term deposits. The GBSC was designed to address the need of clients

<sup>11</sup>Refer to **Market analysis** <https://beamexchange.org/guidance/analysis/objectives-market-analysis/>

who were not eligible to access finance with financial institutions unless they met their **lending criteria's as well as collateral for any loan advance**. The GBSC allows micro and start-up businesses to access finance ranging from SAT\$ 5,000 to SAT\$ 10,000 and build up their credit or financial history. The lending is secured by micro insurance scheme based within SBH and advocates for group guarantees through established cohorts within the villages. A candidate who successfully pays off their debt within the required timeframe under GBSC is then eligible for the traditional guarantee support provided through PSDP.

## GREEN BUSINESS SUPPORT CREDIT (GBSC)



**Case Study: Facilitating development support for inclusive and sustainable business growth**

SBH's Green Business Support Credit (GBSC) was launched in November 2019 with the objective of providing access to credit, business training and guidance in starting and growing micro-businesses. A major part of the program's design is for clients to graduate into the formal banking system where they can access larger credit facilities and other banking services. In doing so, clients are also building their credit history with SBH at the same time.

The current value of the loan portfolio stands at \$1million SAT with up to 60 per cent going to female clients. Financial literacy is a key part of the training program and clients are taught financial management best practices in assessing business performance and maximizing profits.




By understanding basic financial literacy, clients are encouraged to leave more money available to invest in their children's education, upgrading housing conditions, and saving for the future. GBSC is a flagship program of SBH and remains an important business support service to the community.

To date, a 126 clients have registered with the program with 5 cohorts in Savaii and 8 in Upolu. GBSC microfinancing provides small loans ranging from \$5000 to \$10,000 SAT that is secured through a compulsory microinsurance package. The program targets vulnerable and disadvantaged people with valid business ideas but lack the financial support.

### Coherence of PSDP Components and Implementation Modalities.

The PSDPs two components both aim to stimulate private sector development through several sub-components and outputs. The logical flow or coherence of these components remains given the focus on improving business enabling environment through MCIL as well





as ongoing need for access to finance as well as business development services through SBH given their initial business model was based on meeting an identified market failure in terms of access to finance for micro to small businesses. This development focus has been the **cornerstone of SBH’s mandate for more than two decades and had secured funding from both government and development partners like NZ and ADB in order to address this market failure.** Prior to COVID-19 the change envisaged under PSDP was for SBH to focus more on transitioning micro and small businesses towards the medium or business growth segment. This was to be achieved with targeted support through the Programme Implementation Contractor (PIC) provided by Palladium in association with Akina Foundation.

Governance Mechanisms

During early implementation of PSDP, some key changes were made to governance, management and operational arrangements to improve the way PSDP was implemented. Some of these changes, whilst necessary, also represented a departure from the PSDP ADD. An overview of the updated governance and reporting architecture is presented below:

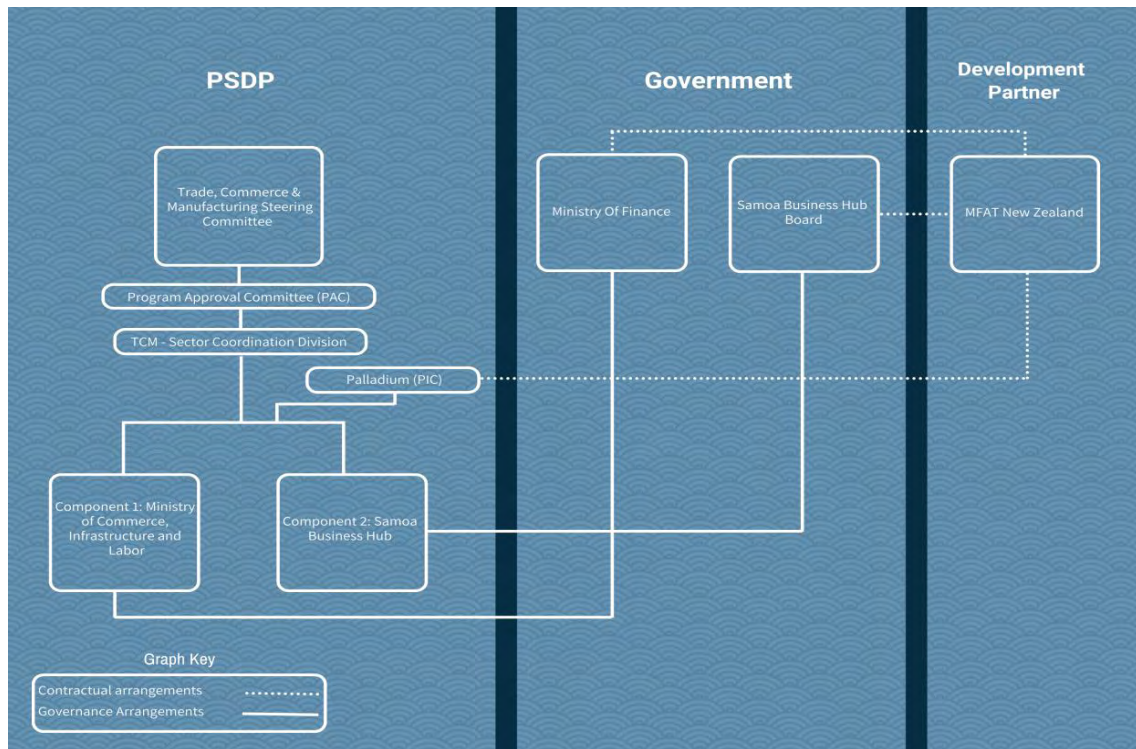


Figure 3: Revised PSDP Governance and Reporting Arrangements

The key changes included the creation of the Programme Approval Committee (PAC) to provide oversight and timely project-based decisions. The original oversight was to be provided through the Trade, Commerce & Manufacturing Steering Committee (TCMSC), which was comprised of over 20 entities and only met on a quarterly basis. The creation of PAC was seen to be necessary to provide timely approval of proposals through Component 1 TA Facility. Discussions with key members of the PAC including SBH, MCIL (Secretariat), NZMFAT and MOF indicate the PAC mechanisms seems to be working relatively well since its establishment in 2019.



However, MFAT Samoa who is one of the members of TCMSC felt they should also be part of the PAC given their role with the implementation of the PACER-Plus agreement and subsequent programme management team to be established in Samoa in mid-2021. The reporting requirements for the multiple governance arrangements also took time to adjust given the established roles and responsibilities already in place prior to PSDP. More active and consistent high-level representation of core agencies like MOF in PAC and SBH Board was also raised as one of the areas to be improved.

#### Programme Implementation Contractor (PIC) Modality

**The PIC's role was to support SBH and MCIL with capacity building and organizational development**, to enable them to deliver their respective components effectively and improve their approaches to Monitoring, Evaluation, Research and Learning (MERL) and Gender and Social Inclusion (GESI) issues. Key PIC advisors included a long-term Transition Support Consultant (TSC), with intermittent support from the Project Team Leader, MERL advisor, GESI advisor as well as a global network of technical experts – who would help deliver innovative solutions and practical strategies to support SBH and MCIL to implement Components 1 and 2.

Since the implementation of PSDP in July 2018 and mobilisation of PIC team in February 2019, significant changes were made in terms of organisational roles as well as monitoring and reporting developments within SBH. This culminated in the rebranding of SBH in **November 2019 which also marked SBH's 25 years of service to the MSME community. SBH's new Strategic Plan 2019-2023 was also launched in 2019 and reflects SBH's expanded mandate with continued focus on start-up businesses as well as more targeted support for established businesses, along with increased consideration of those businesses with export potential or that are now export ready.**

The GESI and MERL advisors provided timely support to help enhance SBH and MCIL engagement and reporting capacities. The existing frameworks for gender inclusion and monitoring and evaluation were further strengthened through the specialist inputs provided by the PIC team. This included adopting GESI concepts in the Samoan context, which SBH already had i.e., inclusive policies in place and their client base had more females from rural and remote areas. GESI encourages inclusive business models that accommodate different sexualities. Prior to PSDP, SBH had already established mechanisms in place to capture gender related data which the GESI advisor was able to build upon. SBH were able to tailor their services based on assessment of gender differentiated needs. As an example, SBH was able to identify based on available gender data that women were more inclined to manage their finances and repay their loans on time vs their counterparts. In terms of gender inclusion, over the past 5-6 years majority of beneficiaries coming through the programme were women. However, in the last 3 or so years SBH has seen an increase in the number of men (Trainings, Business management courses), in terms of ownership of the businesses of which the majority were men.

Based on discussions with the stakeholders, the support provided by the PIC team and TAs through the TA Facility has been timely and of good quality. The PIC modality allows for ease of recruitment and dedicated support towards key agencies including SBH and MCIL. Based on the TOR of the PIC the Team leader role was to be intermittent and focused on high level strategic inputs to the PSDP whereas the TSC role was to be full time and based in SBH to assist with on the ground implementation of the PSDP.



## PSDP Approach

### Purpose

To assess the underlying theory of change as outlined in the revised PSDP Monitoring, Evaluation, Research and Learning (MERL) Framework sound and ensure this is still the right approach.

### Overall Finding

The PSDP underlying theory of change and approach is assessed as MODEST given elements of alternative approaches such as Market Systems Approach (MSA) may be more responsive in addressing impact of COVID-19 on MSMEs.

The original design of the PSDP in 2017 focused on inclusive economic growth and **sustainable development of Samoa's private sector by working on improving quality of business advisory support provided by SBH to MSMEs under Component 2 and enabling an improved business environment under Component 1.** The ADD also included a results diagram which outlined how the PSDP would achieve its longer term outcome of increased contribution of the private sector to GDP and also reduce urban drift and emigration of productive people. Significant events have occurred since the original design particularly with the onset of the measles epidemic in 2019 and COVID-19 in 2020.

Initially the start-up of the PSDP was slow in July 2018 while the PIC was being recruited. Once the PIC was mobilized in early 2019, SBH staff and management needed time to adjust. Naturally as an organisation who has been working in this field for a while, SBH has built up its own processes and way of doing business. The introduction of a full time TSC and PIC structure took some time for SBH to adjust to, particularly with regards to reporting and engagement with other stakeholders. Feedback from consultations with SBH management indicated that the scope of work envisaged for the TSC seemed overly ambitious with the **"one size fits all approach" which could have been attributed to how the PIC contract was designed. The TSC's other role was to socialize the PSDP's "theory of change" which seemed to cause a disjoint between SBH and the PIC.**

Following several discussions between PIC and SBH, they were able to address these concerns. SBH integrated the TSC as part of their team which led to more effective and streamlined working relationships. However, the onset of COVID-19 which led to the repatriation of the TSC in early 2020 was unexpected and led to changes to the way support was provided. Online communication channels were established and worked to some extent, however, in-country support seemed to be the preferred modality for both PIC and SBH. In light of ongoing COVID-19 restrictions, SBH suggested a joint system approach where all specific TA roles can be fulfilled and prioritized. Based on discussions with SBH, they indicated that future TAs should be procured for specific needs based on emerging priorities from the annual work plans. Given, the TSC inputs will be completed in September 2021, there will be a need for targeted short term TA based support to address emerging needs not only in response to **COVID-19 impact on SBH's business model but their clients as well.**

Given, the significant impact of COVID-19 on the global and national economy, a reassessment of the underlying theory of change is needed. The updated causal chain from **project activities to the intended project development objective ('theory of change')** is outlined in Figure 4 below (refer to Appendix 3 for details). Specific changes will be needed





mainly in the types of inputs needed to respond to the impact of COVID-19 on private sector in Samoa and these are articulated in following sections of the report.

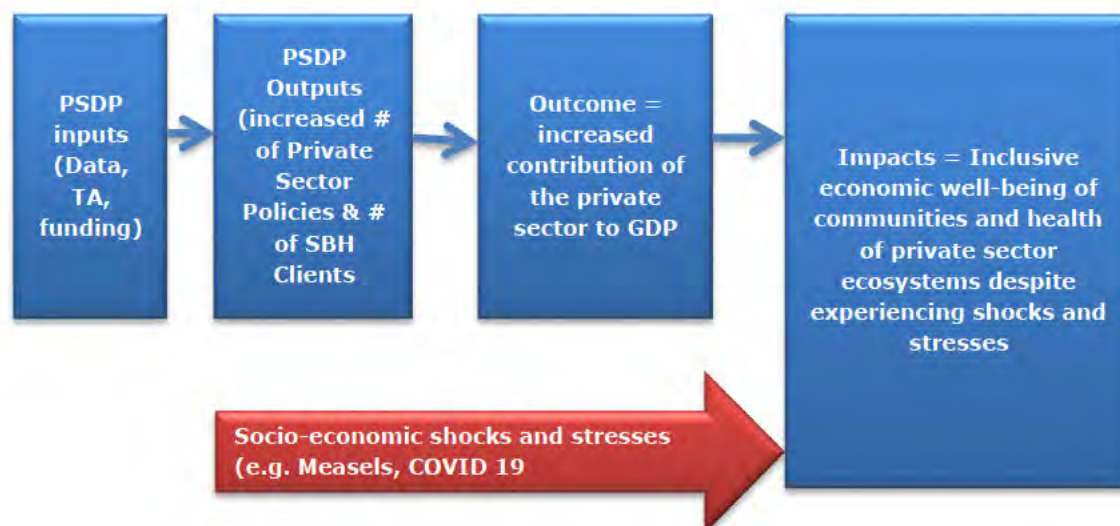


Figure 4: PSDP Theory of Change

## Effectiveness and Efficiency

### Purpose

To examine the progress being made to date in achieving PSDP outputs (Components 1 & 2) and short and medium term outcomes including for the last 12 months (March-August 2020) in the context of COVID-19.

### Overall Finding

**PSDP Effectiveness:** The effectiveness of PSDP is assessed as **HIGH** given establishment of MERL and GESI systems have been possible due to existing capabilities within MCIL and SBH in these areas. Overall financial progress of PSDP in line with approved budget with 55% disbursement rate for NZ funds and 60% disbursement rate for GoS funds.

**PSDP Efficiency:** The efficiency of PSDP is assessed as **MODEST** given achievement of outputs and short-term outcomes. The gains through procurement processes for TA Facility are a significant benefit as well as quality of TA provided through PIC. PSDP outputs have been implemented in a relatively efficient manner, in terms of achievements of nearly all planned outputs for Component 1 and 2. Short term outputs and outcomes have been effectively delivered; however, there may be challenges with ensuring medium to long term outcomes are met in light of COVID-19. The focus for MSMEs and implementing agencies is now on building resilience and sustainable business models vs business growth as originally envisaged prior to COVID-19.

### PSDP Effectiveness





Given the impact of COVID-19, there are clear implications on the medium to long term outcomes of PSDP and ability of the PIC and implementing agencies to deliver within the remaining timeframe. The impact of COVID-19 on medium to long term outcomes is more uncertain at this stage. As such the indicators such as profitability of client MSMEs, increased exports and reduced reliance of SBH on donors for its budget may not be feasible for the remaining period of the programme. There is a need to reassess the set targets for these outcomes and reflected appropriately within the MERL framework.

A detailed assessment of progress to date against all three levels of outcomes in the MERL and possible changes is outlined in Appendix 4. A summary of progress against the revised PSDP outcomes is outlined below with detailed discussions in subsequent sections of the report:

PSDP Original outcomes	PSDP Revised outcomes	Progress to Date	Overall Status
<b>Short term outcomes:</b>			
(i) increased relevance and effectiveness of support available to start-up and micro-businesses; and (ii) improved quality and accessibility for SMEs of financial and other services needed to grow their businesses.	(i) increased use of SBH advisory and support services available to MSMEs;	Number of business proposals developed during review period was 543 of which 172 were approved which reflects an approval rating of 32%	Approval rating of business proposals during review period seems relatively low.
	(ii) increased access by MSMEs to financial services;	Total value of loans approved increased by 10% between FY18/19 & FY19/20. Note total value of loans approved were 2.89m (FY18/19) & 3.19m (FY19/20)	On track
	(iii) increased business skills and capacity in MSMEs;	Total number of trainees completed increased by 74.5% between FY 2018/19 & FY 2019/20. NB. # of trainees in FY18/19 was 1324 and FY19/20 was 2311	On track
	(iv) improved loan repayment performance;	(i) Total number of accounts foreclosed increased by 41% and value by 24% within review period. Note: FY 18/19 number of accounts foreclosed was 37 (\$407k) and FY19/20 was 52 (\$503k) (ii) Total number of accounts in arrears decreased by 18%. Note at end FY	On track

		2018/2019 number of accounts in arrears was 475 and FY 2019/2020 it was 388 (iii) Level of guarantee funds for approved loans decreased by 48% between FY18/19 & FY19/20. Note guarantee level was SAT 2.23m in FY18/19 and SAT 1.16m in FY19/20	
	(v) increased SBH revenues.	SBH grant based revenue increased by 70% between 2018 (SAT1.8m)-2020 (SAT 3.1m) & non-grant-based income increased by 11% (SAT 389k in 2018 & SAT 430k in 2020) for the same period. The bulk of the grant-based income is from PSDP for SBH Operations.	On track
	(vi) increased MSME satisfaction and compliance with policies, legal and regulatory business environment reforms supported through SBH.	MSME policy was developed in 2019-2020 and only approved in early 2021. Implementation now underway	Note: Annual survey to capture data on MSME compliance
<b>Medium term outcomes:</b>			
Medium term outcomes: (i) increased survival rate of micro and start-up businesses; (ii) increased number of people employed by SMEs; and (iii) increased number of SMEs	(i) increased number of MSMEs which are profitable.	Data not yet captured on SBH annual reports. However, a proxy indicator is the number of businesses who are still listed as active on SBH MIS system is 4413	Note: MERL states these are to be collected during 'pre-assessment' phase by each department
	(ii) increased people employed by MSMEs.	MSME formal employment increased by 17%. Note baseline: 5247 (2013) as per MERL Strategy and SBS formal employment data at end Sep 2020 for MSME relevant industries was 6135	The MSME Policy 2020 to track and monitor this data to ensure consistency.



(iii) number of medium and large-sized enterprises which increase exports.	Data not yet captured on SBH annual reports	Note: MERL states these are to be collected during 'pre-assessment' phase by each department
(iv) increased long term survival of MSMEs supported by SBH.	Data not captured on SBH annual reports	Note: MERL recommends this data is collected by each Unit during annual Client surveys (a sample of MSMEs+L)
(v) SBH improved reputation as a best practice provider of MSME services and support.	Based on pilot survey conducted for 14 GBSC and 7 Stream 3 clients, overall feedback is positive in terms of services and support provided by SBH. The first annual client survey was undertaken by SBH in 2020 which helps provide a baseline for this indicator going forward.	Note: MERL recommends client satisfaction forms and annual surveys to be designed and collected by each unit on an annual basis.
(vi) reduced SBH reliance on donors to its budget.	SBH continues to rely heavily on development financing for its budget at this point in time.	SBH proactively implementing alternative financial products such as GBSC and microinsurance may provide additional revenue in future.

<b>Long term outcomes:</b>			
(i) increased contribution of the private sector to GDP; and (ii) reduced urban drift and emigration of productive people.	(i) increased contribution of the private sector to GDP	<p>Baseline was SAT 65M (SBH strategic plan RMT)</p> <p>Moving forward, for clarity and alignment to previous SBH Impact Assessment reports the baseline for this indicator needs to be revised. Instead of a dollar value (SAT\$ 65m) a percentage (1% from 2013 Impact Assessment) is to be used. The target can be set as a percentage ranging from 1 - 2 % of average annual GDP to assess the economic contribution of MSMEs in the private sector supported by SBH.</p>	COVID-19 negative impact on overall GDP is expected to last until 2026 as such any projected growth for MSMEs or private sector for remaining years of PSDP may not be achieved.





**Table 2: PSDP Revised Outcomes & Progress FY 2018/19 – FY 2019/2020****Component 1 Progress on Outcomes and Outputs**

Component 1 was designed based on identified limitations in the enabling environment for private sector growth in 2017. These included the high cost of doing business in Samoa, leading to lack of competitiveness in domestic and international markets. To address these challenges, a TA Facility was established under Component 1. The identification of issues and priorities is achieved through inclusive and ongoing policy dialogue by MCIL with various stakeholders, with activities programmed through annual review and work plan cycles.

The ADD initially identified four high priority activities to enhance the enabling environment for private sector development as immediate opportunities for PSDP funding. However, following changes recommended through the MERL, the priorities for Component 1 are now based on emerging priority needs identified through a consultative process with core stakeholders. To date, the TA facility has mobilized consultants in response to stakeholder priorities. Key achievements include the approved MSME Policy which now provides a clear policy direction for MSME development as well as review of the DBS Microfinance scheme which provided good recommendations on the continuation of the scheme.

To ensure effectiveness, the MERL has built on MCIL's existing system used to monitor the implementation of legislation, regulations and policies in terms of MSME compliance with implemented regulation, policy or legislation. This allows MCIL to track and monitor the recommendations in TA reports – such as the implementation of new or revised policies, regulations or legislation – are approved by the appropriate level of government and implemented by the responsible agency. PIC support remains with reviewing and improving TOR, recruiting and mobilising TA and ensuring quality TA outputs through peer review process.

Due to these ongoing challenges, the business operating environment and focus on business growth support provided by SBH to MSMEs remains relevant. However, it requires a re-focus of objectives from business growth to business survival and consolidation post-pandemic. SBH is already working with partner commercial banks to restructure client loans, as well as pivot coaching to support clients in better understanding COVID challenges and to explore other opportunities to help keep their businesses afloat. The rollout of SBH's Green Business support credit scheme in early 2021 has been timely in supporting micro enterprises during the pandemic.

The tracking and monitoring system developed with support from the MERL advisor for tracking and monitoring implementation of policies developed under the TA Facility is currently being used by MCIL. Progress against their revised indicators in the MERL is summarized below:

<b>Component</b>	<b>1:</b>	<b>Indicators</b>	<b>How</b>	<b>Progress</b>
<b>Outputs</b>				
TA Assignments	# Of TA assignments completed	Regular monitoring	MSME Development Policy (completed in 2020 & formally approved in 2021)	





			Review of the Development Bank of Samoa's (DBS) Inclusive Development Credit Facility for Women and Youth (completed in 2020).
PAC Approval of assignments	#Assignments approved by PAC # Assignments sent back for improvements	Regular monitoring and PAC minutes	National Industrial Development Policy Pre-Feasibility study for Innovation Park Mentoring and Business Sustainability Support for DBS and SBH Clients affected by COVID 19 SCCI Strategic Planning
Approval by Government	Yes/No #policies/regulations/laws approved	Internal MCIL report	MSME Policy and Strategy 2020 approved by GoS.
Plan to implement recommendations	Plan developed	Internal MCIL report	
Public awareness campaign on policy legislation	# Public awareness campaigns conducted #MSMEs reporting awareness on the policy, legislation etc.	Internal MCIL report Check on MSMEs' awareness during compliance visits	
Compliance	# MSMEs compliant with the policy, legislation etc.	Compliance visits (Quarterly)	Ongoing monitoring by TCM Division.
M&E on grievances	# Grievances from MSMEs addressed	MCIL Internal report	None sighted by MTR team.
MSMEs' satisfaction with the policy, legislation, regulation	#MSMEs reporting satisfaction with the policy, legislation etc.	A few questions on MSMEs' satisfaction added during compliance visits. In addition, the PSDP will use Samoa Chamber of	Not yet applicable as MSME policy only approved in 2021.

		Commerce business confidence survey	
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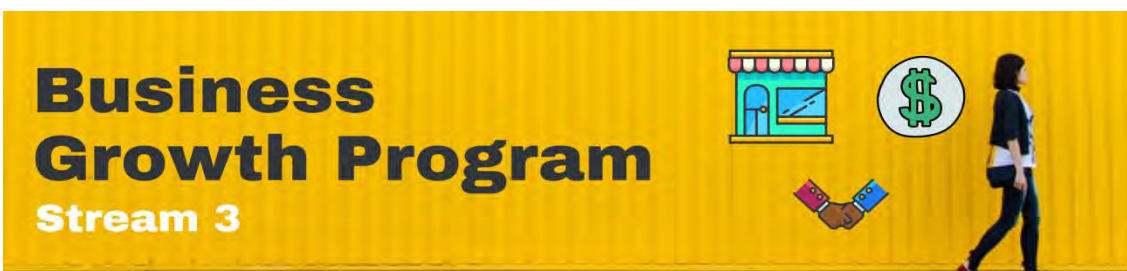
Table 3: PSDP Component 1 Monitoring Progress

Component 2 Progress on Outcomes and Outputs

The direct support provided to MSMEs through Component 2 aims to achieve business growth. Success is measured in terms of increased income generation by MSMEs; new jobs created and increased levels of non-guaranteed borrowing. Impact can be measured at the sectoral level and on the supply chain (e.g. flow-on effects to other enterprises), gender equity (e.g. increased participation of women in the workforce or in decision-making roles), the employment of youth, and improved technical skills of staff.

Under Component 2, key achievements have been the rebranding of SBH as well as improved reporting. However, the Business Growth program was launched but was delayed due to COVID. Stream 3 was originally conceived as an accelerator/incubator where you have a face-to-face training program delivered over 4 or 5 months with ongoing mentoring and coaching services. This program has not yet been delivered as a cohort face to face program. The SBH stream 3 team has put the content online instead. Their focus has been much more on their clients getting a loan guarantee. Palladium envisioned that SBH would charge a fairly sizable amount since the program targeted bigger clients. They settled on approximately \$2,300 SAT. This is a useful service, but it lacks the interaction, discipline and peer to peer learning offered by a classroom-based programme Stream 3 has since morphed into an online platform with modules that included basic business skills and bite size video tutorials. This is a useful service, but it lacks the interaction and discipline.





# Business Growth Program

## Stream 3

The Business Growth Program (BGP) - Stream 3 was launched in January 2019 as part of Samoa Business Hub's (SBH) business support service to established businesses. The objective of the program is to:

- Build client business skills and drive innovation over a 10month program using a blend of training, customized business coaching and topic specific master classes
- Access innovative investment opportunities through the Loan Guarantee facility

Initial BGP startup activities following the launch took some time to rollout as the program unit and resources were being setup and mobilized. This exercise took up the rest of 2019 and was further complicated with the lockdown and restrictions due to the Covid pandemic in 2020. This slowed down progress in getting the following activities up and running.

During the midterm review period (June 2018 to August 2020), a total of 16 clients have registered with the program and provided with business support, mentoring services as well as access to the loan guarantee facility. The first client investment loan of SAT 120,0000 was approved in July 2020. Since then, six (6) more clients have been granted investment approvals between September 2020 and March 2021 with a further nine (9) clients currently awaiting approval from the commercial Banks.

Apart from the single loan approval within the MTR review period, the total value of approved loans as at the end of March 2021 amounted to \$820,000.00 SAT. Female business clients accounted for 53 per cent of loans worth \$435,000.00 SAT (Table 1), while technical services, food and beverage, and agricultural type businesses had the largest share of the portfolio with 74 per cent.

Table 1: BGP Investment Loans

Gender	No. of Approved Clients	Loan Approved (SAT)	% of Approved Loan
Female	4	435,000	53%
Male	3	385,000	47%
<b>Total</b>	<b>7</b>	<b>820,000</b>	<b>100%</b>

Up to 6 weeks is the average loan processing time from the registering of interest with SBH to disbursement of funds by the commercial Banks. This timeline is often depended on the client being compliant with all the required documentation and having a good track record with SBH can assist with facilitating the approval process . Of the surveyed clients, 5 out of 7 came through the SBH training program from Streams 1 and 2 and have indicated satisfaction with the approval timeline. In comparison, the standard processing time for commercial banks is around 14-30 days and this can provide a relevant benchmark for SBH's processing timelines.

SBH indicated the context of business training material used could be more relevant to Samoa i.e. the use of Bangladesh and Vietnam case studies may not be the best fit. The training material should incorporate what fits to avoid a disconnect between expectations and what was delivered. A fuller assessment of the training services – relevance to client needs, extent to which program are based on research into needs and most effective delivery modes may be warranted for all 3 streams under SBH given the focus of PSDP is mainly on stream 3. Considerations of other examples from Fiji may be warranted where the most effective support was mentoring form local business people for MSMEs and not through training courses.

### PSDP Resourcing





The initial financing plan in the ADD was NZD 8.921m. Following negotiations between NZMFAT and GoS the overall PSDP budget was agreed with MFAT's total contribution (NZD 6.956m) including design and implementation costs, plus contingency. In addition, MOF would continue to provide core funding for SBH at the current level of around SAT 0.45 million per annum. NZMFAT support was expected to decline from around NZD 1.62 million per annum in Year 1 to NZD 1.0 million in Year 5 and to be substituted by increasing revenue generation from SBH. In this way, NZMFAT's share of funding is projected to decline from 80% in Year 1 to 62% by Year 5. MOF had also agreed to revisit GoS contributions in the future (i.e. following the mid-term review in year 3, should the expected results and benefits envisaged under Component 2 be realized).

Based on approved budgets and actual disbursements to date the overall rate of utilization for NZMFAT funds is 55 percent whereas GoS is 60 percent. The following table provides an overview of financial resources allocated and utilized for PSDP from both GoS and NZMFAT funding sources:

	Approved Budget		Actual Disbursement up to Dec 2020		Utilization Rate	
	NZMFA T (NZD)	GoS (SAT)	NZMFA T (NZD)	GoS (SAT)	NZMFA T	GoS
<b>Component 1</b>	100,000	0	60,000	0	60%	
<b>Component 2</b>	4,548,540	2,250,000	2,889,472	1,350,000	64%	60%
<b>PIC Contract</b>	2,020,761		853,494		42%	
- <b>TA Facility<sup>12</sup></b>	400,000		292,706		27%	
<b>Design, Contingency &amp; Review</b>	286,699					
	<b>6,956,000</b>	<b>2,250,000</b>	<b>3,802,966</b>	<b>1,350,000</b>	<b>55%</b>	<b>60%</b>

Table 4: PSDP Financial Utilisation 2018-2020

#### SBH Financial Overview

Further analysis of SBH financials under component 2 and discussions with SBH indicate financial sustainability may not be feasible during the remaining years of the PSDP. This is mainly due to its current structure, the services it provides and how it generates revenue. It is possible but it would require some fundamental changes, including changes to the deed of trust, the ways it is registered, the structure of the organization and the direction in which the government wants its support to go. It can however reduce its reliance in the short term by trying to increase revenues earned.

<sup>12</sup> Total budget allocated for TA Facility under the PIC contract is NZD 400,000 of which 27% has been disbursed up to end December 2020.



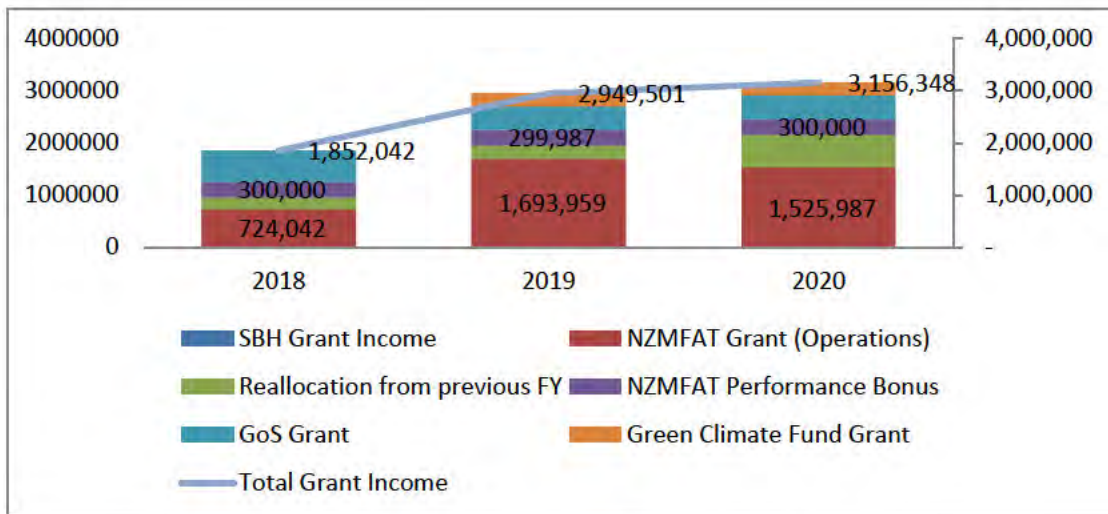


Figure 5: SBH Grant Based Income Sources 2018-2020

A snapshot of non-grant income sources for SBH since PSDP was implemented indicates consistent growth in special projects while income from traditional sources such as guarantee fees and business plan fees have declined. While it is reasonable to expect SBH to move towards higher fee generation from more established MSMEs (e.g., those accessing Stream 3 support), this will take time and, even for these clients, it is very difficult for SBH to charge market rate fees when other programmes/organisations (e.g. BLP, Seedstars, UNDP) are providing business support for free. The reality is that SBH will remain reliant on donor and/or GoS financial support for the foreseeable future. Long term funding of SBH by these funders is justifiable if SBH continues to generate impact for MSMEs and generate the kind of return on investment that was demonstrated under its recent impact assessment report.

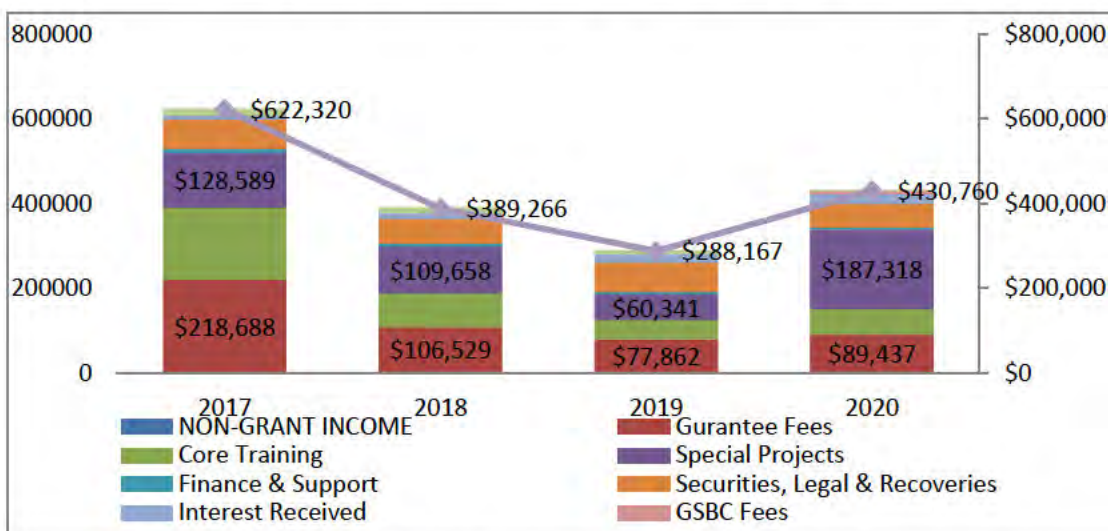


Figure 6: SBH Non-Grant Based Income Sources 2018-2020

There's approximately SAT\$ 8 million in term deposits with MOF which is invested through CBS. Notably, SBH could have control of the TDs and give them leverage to negotiate with the banks. Only two local banks (SCB & NBS) have signed the new MOUs under the PSDP



s9(2)(b)(ii)

NZMFAT sets performance targets to incentivize SBH. This helps improve the quality of services in the different streams, client satisfaction and demand for the service. Two-way conversation between NZMFAT and SBH on whether to incentivize or reduce resources is quite flexible. The incentives are linked to achievement of agreed targets with NZMFAT on an annual basis. A possible area that SBH could explore based on the findings from the SBH 2020 Impact Assessment report is how to improve the mind-set of banks towards the creditworthiness of MSMEs who have completed SBH trainings and assessments. This indicator could focus on areas where banks feel MSMEs need to improve on in terms of creditworthiness and how it could be addressed through SBH business development services.

PIC Support to Component 1 and 2

**The PIC acts like an enabler for the changes in the Results diagram to 'unfold'. It promotes changes and improvements in the two 'partner' organisations and in their capacity to implement the PSDP.** These changes/ improvements in the capacity of SBH and MCIL were not initially included in the PSDP ADD and were subsequently made through the MERL. Discussions with MCIL and SBH indicate they have adopted the recommendations made through the MERL and GESI advisors with regards to their monitoring and reporting systems.

The facilitative role envisaged for the PIC team had some teething issues when the team was mobilized. The onset of COVID 19 in early 2020 also impacted on the in-country support capabilities of the PIC team particularly for the TSC. This led to the adoption of alternative communication measures such as utilization of online meeting platforms as well as established weekly meetings to report on progress whilst the restrictions in place. These strategies may be the new way of doing business given the ongoing COVID restrictions which will limit the ability of PIC and overseas based TA to have a physical presence in Samoa.

Initial discussions with the TSC indicate that SBH organizational capabilities have improved particularly with the new services and products provided through streams 1-3 and ability to deliver on special projects. However, further improvements may be needed in terms of the current cost structure of SBH which is mainly funded from grant-based sources. A stronger policy direction from the governance board is also needed to identify viable financial options to secure its current mandate and structure.

Main areas where SBH Board can focus on for the remaining period of the PSDP include taking on a more active role in working with the TSC to develop and implement a time-bound transition plan, recognising the constraints and risks of remaining PSDP activities as well as ensuring compliance with terms and safeguards as referenced in the Grant Agreement with NZMFAT. In addition, the current composition may also benefit from adopting the **recommendation from the original ADD to include DBS which is SBH's principal financial services partner.** The addition of relevant partners in the Board should help facilitate and guide the development of the proposed strategic options for SBH.

#### PSDP Efficiency

Procurement processes



MCIL specifically requested that procurement be done through PIC as they were aware that government procedures can be quite tedious at times. Under PIC, procurement takes around 3-6 weeks and TAs engaged to support the work for Component 1 have been high quality. This arrangement with PIC has been quite helpful and effective. A comparison of the timeframe against the usual government tender process clearly shows efficiency gains in terms of timely access to quality TA.

PSDP TA FACILITY PROCESS	GoS TA RECRUITMENT PROCESS
(On average 4-6 weeks to complete Steps 1-4)	(On average 3-6 months to complete Steps 1-12)
Step 1 - Development of Concept Note by Implementing Agency and submit to PAC for approval	Step 1 - Preparation of Terms of Reference and estimated cost. Verification that the requisition is within the relevant project scope and that the budget includes this procurement.
Step 2 - PAC reviews and approves Concept Note to proceed to full development of TOR by Implementing Agency with support from PIC	Step 2 - Circulate the TOR to the appropriate authorities for review. Approval of the TOR
Step 3 - Submission of TOR to PIC for recruitment of appropriate TA.	Step 3 - Prepare the Request Expression OF Interest (REOI) using the approved template from Step 2.
Step 4 - PIC identifies shortlisted TAs and submits selection to PAC for approval	Step 4 - Expressions of Interest (REOI) in a local newspaper for national consultants and online for international consultants.
Step 5 - PIC contracts selected TA and monitors implementation.	Step 5 - Receipt of the Expression of Interest with CVs, and names of referees.
	Step 6 - <b>Evaluate the consultant's</b> resumes using the approved evaluator's assessment form in TOR.
	Step 7 - Invite the best qualified consultant for negotiations.
	Step 8 - Prepare the evaluation report using the approved evaluation report template in Step2.



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	Step 9 - Submission of the Evaluation Report & Draft Negotiated Contract to Tenders Board to obtain approval if the contract value is: Ministries: above SAT\$50,000, State Owned Enterprises: above SAT\$200,000,
	Step 10 - Obtain approval from Cabinet if the contract value is above SAT\$500,000.
	Step 11 - Legal review and clearance of the Draft Contract Document by the Seconded Lawyer from OAG
	Step 12 - Sign the contract and monitor implementation

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Table 5: PSDP Procurement vs GoS Procurement Processes

#### Monitoring, Evaluation and Research Learning

The MERL TA was formerly engaged by PIC in February 2019 and provided support to MCIL and SBH. The support included the design and implementation of a results-focused evaluative management approach and system covering both components. One of the main changes to the PSDP design was the revision of the results framework through the MERL tool. In May 2019, the MERL Guide for PSDP Managers was finalised and circulated to MCIL and SBH. The recommended changes to the MERL were approved based on updated information as well as ensuring alignment with existing M&E frameworks within SBH and MCIL.

MCIL and SBH are ultimately responsible for the management, coordination and MERL of their **respective components under the PSDP**. **PIC's role** includes data collection and reporting on the impact of the support it has provided to the implementing agencies through its reporting to MFAT. The MERL has also built on an existing SBH and MCIL monitoring systems and provides a sound foundation for tracking PSDP performance under both components. Through the MERL, changes were made to how MCIL and SBH monitoring roles and responsibilities. Both agencies are ultimately responsible for the management, coordination and MERL for their respective components of the PSDP. The reporting cycle is well established and includes the following:

- a. PIC: 6-monthly reports which are based on the feedback from the two implementing agencies on the support provided by the PIC staff (TL, TSC, GESI, and MERL). Feedback covers what worked well on capacity building the IA received, what was challenging; and what to improve next time.
- b. SBH: quarterly reports, annual report (inclusive of audited accounts), secretariat minutes for SBH Board
- c. MCIL: quarterly reports, secretariat minutes for PAC
- d. MOF: financial and audited reports to MFAT for utilization of component 1 funds.



SBH are still utilising their Customer Information System (CIS) which was developed by a locally based ICT company in 2017. This centralized CIS allows SBH to monitor and track performance of their clients and the local developer provides on-call support to SBH if they run into any technical difficulties. Key features of the CIS system allow for mobile, tablet and desktop capabilities. A monitoring system was developed separately by Skyeye to allow for a visual dashboard as well as real time monitoring from the field. The server is hosted at SBH HQ and the system involves a 3-step process (pre assessment, follow up visits and Loan) which largely depends on the approval from financing partners including ANZ, NBS, SCB, BSP and DBS. Annual client surveys and profiles of successful clients like the one below are needed to verify the results of SBH support towards targeted clientele.





# Stream 3: Business Growth

## Case Study 1: Utility Service Provider



### SBH Client: Mr. Logotaeao Fiti - Owner of Serenity Water, and Local Boys Plumbing

Logotaeao Fiti is a firm believer that local people deserve quality service and should have all their basic needs supported. The entrepreneur started his business career by operating a taxi service 10 years ago and would later transition to a small, purified water business trading as Serenity Water in 2015. The business now supplies purified water and bags of ice to his community.

Complying with National water quality and safety standards is a requirement and Serenity Water must carry out regular plumbing maintenance and servicing of machinery and equipment. Logotaeao saw the opportunity to gain a trade qualification in plumbing so that it compliments his business. Now a graduate of the Australia Pacific Training Coalition (APTC), the qualified plumber is using his technical skills to support Serenity Water and starting another business trading as Local Boys Plumbing that provides plumbing services to commercial building contractors and residential homes.

When asked where his business inspiration comes from, he said "Business has been a passion for me from a young age and I always believed in giving your very best, no matter how small the task. We all have the potential to make a difference."

The natural business agility to diversify his business services from supplying purified water and bags of ice to providing plumbing services started with a partnership with SBH that goes back when the Hub was known as SBEC. Logotaeao went through the business training program as a start-up client and received his initial small loan to start his business journey.



Having gone through the start-up stages of growing and developing Serenity Water and Local Boys Plumbing over the last 6 years, Logotaeao has returned to SBH for support to access the 80 per cent loan guarantee to finance his latest investment in the transport and agriculture sectors. He is the first BGP-Stream 3 client to receive a loan approval of \$120,000.00 SAT in July 2020.

Reflecting on how far he has come as a business owner, Logotaeao put it simply as, "I have been proactive to ensure all my business endeavors survive and I am confident with my experience and the assistance of SBH, as an entrepreneur I have the skills to not only establish but survive despite the uncertain times we are in with COVID 19".

Monthly updates on the client performances are sent through from the different financing agencies which are then integrated into the CIS system by the SBH IT Team. Total number of clients that are currently registered on the system is 4413, and 22 of which are under **Stream 3**. Options of adding in new filters such as "Loan Cleared" are currently being implemented. Main fields currently being used include loans that are in arrears, non-performing, foreclosed and approved. The reporting functions are utilized as needed by the SBH team for monitoring purposes and the results framework for PSDP provides a good starting basis for key elements to be captured from the CIS database.



# Stream 3: Business Growth

## Case 2: Agriculture/Retail Business



**SBH Client : Mr. Pauli Faafetai - Retail shop owner, commercial taro producer and trader**

Pauli Faafetai has a long association with SBH as the owner of a small business that has grown throughout the years with support provided by the Hub. In 2008, Pauli opened his small retail shop at Salelologa, and he enrolled with SBH's small business development program to secure a loan for the start-up and to learn business skills in operating and managing the business.



In 2015, Pauli began diversifying into agriculture as a natural business progression in an area where family land is available. He setup a cattle farm and a taro plantation to supply the taro export market. To date, the retail shop is still operating, and the plantation is doing well employing 8 village youths and supplying taro exporters, Ah Liki Fresh Exports and John Lowe's Farm Fresh Exports over the last 4 years.

The cattle farm has also expanded, holding 50 heads of cattle as well as the plantation producing up to 12 acres (about 50,000 taro) ready for harvest annually. As part of his business growth strategy, Pauli is in the process of finalising deals with US importers for the supply of frozen taro. This need was identified recently after experiencing a downturn in fresh taro exports. Arrangements to secure vacuum pack equipment for processing have been made and he plans to export 2x20ft containers into the US by the end of May 2021.



As an SBH client with a good track record, Pauli was able to secure a \$200,000.00 loan through the BGP-Stream 3 to support his export venture. According to Pauli, without SBH's guarantee facility, no commercial Bank will be willing to lend this amount to a farmer.

### Sustainability of Future Implementation Support

#### Purpose

To identify any implementation challenges that impact on effective and efficient delivery of the PSDP components and PIC support and how can they be improved to deliver sustainable outcomes in the out years (years 4-5) of the PSDP.

#### Overall Finding





The sustainability of PSDP is assessed as LIKELY
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Prior to the measles and COVID 19, PSDP was on track with achieving its medium to long **outcomes. COVID 19 has reshaped people’s behaviours towards a ‘new normal’.** For private sector development, the pandemic brought with it fast-moving and unexpected variables that have forced the businesses to rethink how they could continue serving the target groups that they have committed to without compromising their statutory obligations. It has pushed the private sector to **think ‘outside the box’ and explore new opportunities.**

SBH may need to consider possible collaborative work with MSMEs in the same sector or field of work. They can do this by adopting digital technology. In this period of COVID-19, the pandemic can actually trigger MSMEs in any industry to create new strategies and set the stage for long-term growth and market leadership. Adopting digital technologies can also help MSMEs to enhance the digitization of internal operations and processes, to improve performance effectiveness and efficiencies, to reengineer business models, to ensure business survival or even to enhance business process innovation.

MCIL and SBH have taken on board a leading role with regards to the implementation of activities and monitoring of progress given the relocation of the TSC back to Australia and limited in-country visits by the PIC team. This has built the local ownership of these agencies and has led to new ways of doing business particularly with online communication.

For SBH, additional support from MOF may be warranted if they are to utilize the existing term deposits within the Central Bank as leverage to negotiate better fees and interest rates from targeted banks. **There’re** approximately \$8 million term deposits with MOF which is invested through CBS. Only two local banks (SCB & NBS) have signed the new MOUs under the PSDP given ANZ and BSP are awaiting feedback from their overseas management before they can commit.

Support provided to MCIL and SBH through the GESI and MERL plans have been completed. The PIC is responsible for assessing the changes in skills, knowledge, and approaches at **MCIL and SBH. For SBH, this reporting relies heavily on the TSC’s assessment of SBH’s** capability improvement as a BDS provider. MCIL and SBH report on changes in knowledge, skills and approaches through their own quarterly and annual reporting to NZMFAT, the PAC and the SBH Board. A review of SBH and MCIL work plans, strategic plan and quarterly reports since the mobilisation of the PIC team indicate significant changes particularly for the monitoring and reporting frameworks in place.

Given the progress to date with changes made to the monitoring and gender equality and social inclusion components within SBH and MCIL, it was suggested that further discussions on how these roles may provide targeted support for the remaining two years of the programme will be needed. The provision of short-term TAs with specific skills based on emerging priorities could provide targeted support to SBH once the TSC in country presence is completed in September 2021.





# 5

## Evaluation Conclusions

The original aim of the PSDP on business growth and financial sustainability of SBH as well as improvement of the enabling environment for MSME development was relevant at the time of its design. However, in light of unforeseen measles epidemic in 2019 and COVID 19 pandemic in 2020, there may be a need to reassess the underlying logic of the programme and its medium to longer outcomes.

Given the impact of COVID 19, the ability of markets to function properly is not feasible. Due to these failures, the marginalized groups which usually include micro to small businesses are the ones who suffer the most and are left out due to the social and economic barriers presented. As a result of these failures, the PSDP remains highly relevant and coherent for continued support to affected businesses.

The underlying theory of change would require a shift towards a more market systems focused approach which is premised on the assumption that proper functioning of markets can serve as an efficient tool to boost the allocation and coordination of resources as well as the exchange of goods and services within an economy. Well-established markets foster competition and provide incentives for investments. They lower the costs of doing business that enable growth and reduction in poverty. Adopting an MSD approach will help address the underlying causes of market dysfunction by indirectly facilitating the business environment so they can operate more effectively, sustainably and beneficially for MSMEs that have been affected. This will allow MSMEs to focus on sustaining its services and ensure survival post COVID 19.

The MERL has established a sound monitoring system and process to be followed for reporting on the progress of PSDP outcomes, outputs and activities. The modalities utilized including the setup of the PIC and mobilisation of relevant TA to address emerging priorities in response to challenges now faced by MSMEs in light of COVID 19 is even more crucial now. Enhancement to the PAC membership may be warranted to include another key implementing agency (MFAT Samoa) in light of upcoming establishment of the PACER-Plus Implementation Facility in Samoa in July 2021. There are several areas where PSDP complements or aligns with needs identified through the current PACER-Plus needs assessment process. Additional resources may be needed for the TA Facility in order to address targeted support for SBH if not available through the existing PIC contract.

The changing environment presents an opportunity to reassess the medium and long term outcomes of the PSDP to ensure sustainability of achievements to date.



# 6

## Lessons Learned

Key lessons learnt based on progress of existing PSDP outputs and outcomes to date include:

1. The value of good project design (TA support & business trainings → business plans → loan guarantee & investment loan approved).
2. Time spent during design on clearly identifying project support inputs and approval procedures will translate into fewer delays during implementation.
3. The need for clear lines of communication between implementing agencies and consultants providing design or project management services AND between Government agencies and communities **setting out the 'rules of the game'** will lead to improved outcomes.
4. Alignment of monitoring and reporting mechanisms between PSDP and other similar investments and streamlining implementing procedures to optimize outcomes and **reduce the PSDPs' transaction** costs on Government agencies and private sector agencies.



# 7

## Recommendations

Uncertainty caused by the COVID-19 pandemic has resulted in new ways of understanding the paradigm of entrepreneurship. This is especially the case when we combine the pandemic with accelerating digital transformation. This is important to consider since SMEs play a vital role in fostering innovation, economic growth, and reducing unemployment. Competitiveness in operating industries puts pressure on SMEs to continuously create new innovative value propositions and become more resilient in relation to industry incumbents.

Based on the key findings and conclusions the following recommendations are put forward for consideration:

### PSDP Approach

1. Underlying theory of Change: Adoption of an MSD approach for remaining period of PSDP to help address the underlying causes of market dysfunction by indirectly facilitating the business environment so they can operate more effectively, sustainably and beneficially for MSMEs that have been affected by COVID 19. This will allow MSMEs to focus on sustaining its services and ensure survival post COVID 19.
  - a. Recommendation 1: Adopt a light MSD approach by incorporating elements of similar facilities like BLP financing mechanisms that have proven BLP financing mechanisms that have proven successful as well as the proposed DFAT Market Development Facility initiative. This would require further discussion between NZMFAT, PIC and SBH to identify the specialist support needed to help build the capacity of stream-3 staff to think and work in new ways and buy-in from SBH leadership to ensure its success.

### PSDP Implementation Modalities & Resourcing

2. PIC Support: Enhance TA Facility to offer targeted short-term support for SBH to address emerging TA needs in response to impact of COVID 19. The Facility or PIC can also provide targeted support to help SBH with assessing the feasibility of the proposed strategic options to ensure its ability to continue offering its core services to MSMEs.
  - a. Recommendation 2: Adjust the allocation of funds between components and scope of work/TORs of key consulting inputs (amendments to existing major contracts as may be needed so as to adjust to the requirements of the project (for example, the TA Facility under PIC contract).





- b. Recommendation 3: Pivoting targeted MSME support in light of COVID 19 impact on Business Growth scheme (Stream 3). PIC Transition Manager and team to assess with SBH feasibility of offering targeted short term TA support for SBH to address emerging TA needs in response to impact of COVID 19. Assess feasibility of offering direct financing facilities (e.g. capital injection through a matching grant) in addition to guarantee scheme for MSMEs who are facing immediate bankruptcy/hardship due to COVID 19. Key steps for implementation of this recommendation include:
- establishment of a simple mechanism for identifying and prioritising SBH TA needs between SBH, NZMFAT and PIC.
  - contract variation for PIC to reallocate/combine available programme funds into a specific budget line '**Component 2 TA Support for SBH**' to facilitate procurement processes.
  - fast track discussions on possible areas of collaboration between PSDP and MDF.
- a. Recommendation 4: There are several options which came through the discussions on possible strategic direction for SBH in light of possible exit of key development partners at the completion of time bound projects. SBH is well aware of its capabilities and need for having a responsible financing strategy to ensure delivery of its core services. These include the expansion of its role in managing special projects which has built on its reputation to effectively manage and implement projects. Based on these capabilities' possible strategic direction for SBH include the following

*Retain current mandate with expanded financial products*

- SBH to retain current mandate with continued annual support from GoS to cater for the targeted core markets: Leverage 25 years of networking and relationships with clients to build a case for access to the full-term deposits currently maintained by MOF. The growing capacity of SBH to implement special projects provides another key source of income to sustain their core functions, however, cost implication of maintaining these services need to be carefully considered once development projects are completed.

*Divestiture options*

- Government or State-Owned Entity: the capacity to pay among the clients SBH are servicing is very limited. These fees are not sufficient to ensure financial viability of SBH. GoS through the MOF and ADB are restructuring DBS to be more financially viable. The SABS Facility which provides the same services as SBH but to the larger MSMEs in agriculture is now earmarked for absorption into DBS when the project ends in 2021. There is merit in assessing the feasibility of SBH to be fully integrated into existing government entities such as DBS or set up as SOE itself. This would require a big culture shift within DBS and SBH if this option is taken.
- Fully Commercial Entity: another viable option to consider would be to sell to a commercial entity such as SCB who have similar products and

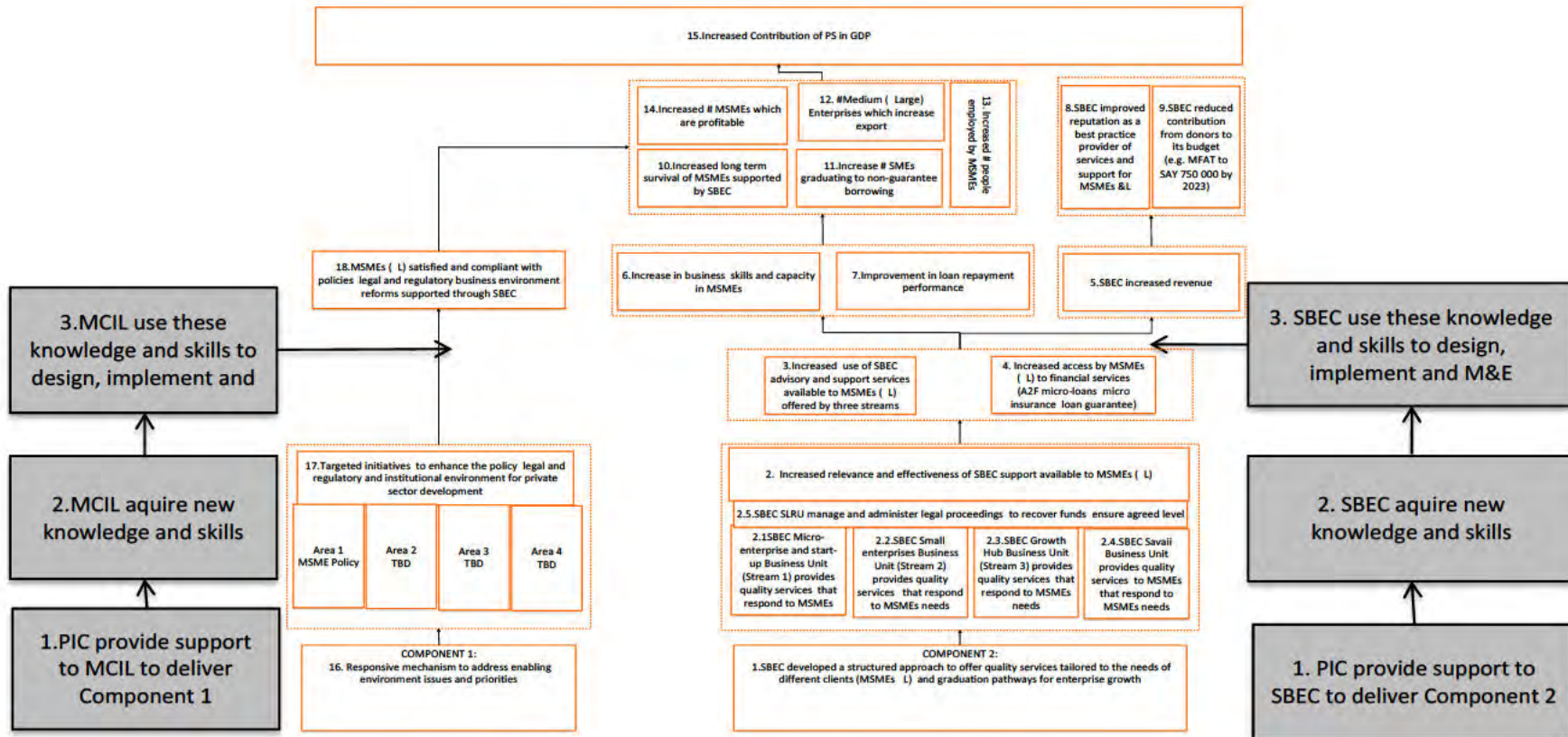


target the same market segments as SBH. A variation of this option is for SBH to be fully commercialized and pursue a full business model similar to SPBD by building on its microfinance and microinsurance products. Further analysis on the viability of this option is also warranted.

3. PSDP Monitoring & Evaluation Framework: Review and amend as necessary the **PSDP 'living documents' especially the MERL Strategy**, continuous streamlining and simplifying templates, forms and procedures in use for eligibility, screening/approval, and PSDP implementation and monitoring.
  - a. Recommendation 5: Continuous update and integration of PSDP results framework into SBH CIS system & MCIL M&E as more data on outputs & outcomes are collected by MCIL & SBH. Building on PIC support provided to SBH to design and run its first annual client survey in 2020, SBH to continue annual client surveys from 2021 onwards.
  - b. Recommendation 6: No extension of the Closing Date is recommended at this time but this would need to be revisited in by end 2022. No additional finance is recommended at this time but this would need to be revisited by end 2022 to address potential inequities and for project management costs associated with an extension (if needed).
  - c. Recommendation 7: Strengthen existing governance mechanism for PSPD by reinforcing high level (CEO or relevant authority) representation in PAC as well as SBH Board. The inclusion of key agencies like MFAT Samoa in PAC to ensure coordination with relevant programs including Pacer Plus.



# APPENDIX THREE: Detailed PSDP Theory of Change



PIC THEORY OF ACTION

PSDP RESULTS DIAGRAM

PIC THEORY OF ACTION



**APPENDIX FOUR: Detailed PSDP Results Framework****Component 1: MCIL Detailed Results Framework**

Box no.	Results	Proposed Indicators	Baseline Information	Target by EOP	Methodology/Data sources	When	Disaggregated by gender	By PwD	Who is responsible	Progress to Date
<b>COMPONENT 1</b>										
<a href="#">SHORT TERM Outcomes[1]</a>										
Short term outcomes: 18 Component 1 MSMEs (+L) satisfied and compliant with policies, legal and regulatory business environment reforms supported through SBEC										
<b>18.3 Satisfaction</b>										
	MSMEs satisfied with the policy/regulation/strategy	# MSMEs reporting satisfaction with the SBEC supported policy/regulation/strategy	0	NA	Collected by each MCIL department during quarterly compliance visits; triangulation with the Samoa Chamber of Commerce Business Confidence survey	six-monthly/quarterly	yes by gender of the business owner	NA	each MCIL department manager	MSME Policy was still under development during MTR period
<b>18.2 Compliance</b>										
	MSMEs compliant with the policy/regulation/strategy	# MSMEs compliant with the SBEC supported policy/regulation/strategy	0	NA	Collected by each MCIL department during quarterly compliance visits	six-monthly/quarterly	yes by gender of the business owner	NA	each MCIL department manager	Refer to one above. MCIL now implementing MSME policy and developing Industrial Policy in 2021
<b>18.1 Awareness</b>										

Box no.	Results	Proposed Indicators	Baseline Information	Target by EOP	Methodology/Data sources	When	Disaggregated by gender	By	Who is responsible	Progress to Date
	MSMEs aware on the policy/regulation/strategy	# MSMEs aware of the SBEC supported policy/regulation/strategy	0	NA	Collected by each MCIL department during quarterly compliance visits; triangulation with the Samoa Chamber of Commerce Business Confidence survey	six-monthly/quarterly	yes by gender of the business owner	NA	each MCIL department manager	Awareness campaigns only carried out once policy is approved. None were done during MTR period
Outputs										
OUTPUTS: 17. Component 1 Targeted initiatives to enhance the policy, legal and regulatory and institutional environment for private sector development										
17	Targeted initiatives to enhance the policy, legal and regulatory and institutional environment for private sector development	<del>REMOVED 'No of banks (including DBS) financing micro enterprises and start ups'</del>	<del>NA</del> <del>REMOVED</del>	-	-	-	-	-	-	Removed as per MERL Strategy 2019
		Finalised MSME policy	0	1	MCIL internal documents	once	NA	NA	MCIL reports	MTR only approved in March 2021
		Policies, strategies, regulations, other Enabling environment reforms finalised and approved by PAC	0	TBD	PAC minutes		GESI lenses	GESI lenses	MCIL reports	Process now well established with PAC



Box no.	Results	Proposed Indicators	Baseline Information	Target by EOP	Methodology/Data sources	When	Disaggregated by gender	By	Who is responsible	Progress to Date
		Policies, strategies, regulations, other Enabling environment reforms approved by Government	0	TBD	MCIL internal documents		GESI lenses	GESI lenses	MCIL reports	Process now well established with PAC
<b>ACTIVITIES: 16 Component 1 Enabling Environment clients (MSMEs +L) and graduation pathways for enterprise growth</b>										
16.1	Develop procedures/guidelines for identifying priorities and needs	Guidelines developed Yes/No	0	0	PIC records	Once	NA	NA	PIM	MCIL has established registry for tracking policies developed and to be implemented
16.2	Identify TA to address enabling environment issues	TA identified Yes/No	0	0	PIC records	Once	NA	NA		PAC has been established to fast-track TA support
16.3	Mobilise TA (national and international) to address specific needs as they arise	TA Mobilised Yes/No	0	0	PIC records	Once	NA	NA	PIM	PAC with support of MCIL have mobilised TA during MTR period

[1] this section of the RD has been left generic enough e.g. policy/regulation/strategy, and not specific e.g. MSME policy, to allow for any area of assistance to be easily added, measured and tracked

## Component 2: SBH Detailed Results Framework





Box no.	Results	Proposed Indicators	Baseline Information	Target by EOP	Methodology/Data sources	When	Disaggregated by gender	By	Who is responsible	Progress to Date
<b>LONG TERM OUTCOMES</b>										
15	Increased contribution of PS supported through PSDP in GDP	Change in dollar value of impact of SBH contribution to GDP	SAT 65M (SBH strategic plan RMT)	SAT 90M by 2022/23	Independent impact assessment commissioned by MFAT	Mid-term and end of PSDP	NA	NA	MFAT	<p>Impact Assessment for 2014-2018 completed. Estimated impact of SBH contribution to GDP: annual return of 0.62%-1.21% of average national GDP. Based on real GDP at end of June 2020 (SAT \$1.9 billion), the total contribution of SBH to GDP is estimated to be between SAT\$11.78m to SAT\$22.9m</p> <p>Moving forward, for clarity and alignment to previous SBH Impact Assessment reports the baseline for this indicator needs to be revised. Instead of a dollar value (SAT \$65m) a percentage (1% from 2013 Impact Assessment) is to be used. The target can be set as a percentage ranging from 1% - 2% of average annual GDP to assess the economic contribution of MSMEs in the private sector supported by SBH.</p>
<b>MEDIUM TERM OUTCOMES (SBH &amp; MSMEs MT Growth): 8 to 14</b>										
Medium Term outcomes: Growth for MSMEs(+L)										



Box no.	Results	Proposed Indicators	Baseline Information	Target by EOP	Methodology/D ata sources	When	Disagregat ed by gender	By	Who is resp onsi ble	Progress to Date
14	Increased # MSMEs+L which are profitable and with increased revenue	# MSMEs +L which report increased profit because of SBH support	To be collected during 'pre-assessment' phase by each department	<a href="#">ftn1</a>	Collected by SBH business units when MSME+L enter the system, end of support (exit the system) and annually through SBH Clients survey whichever comes first; and for 3 years after exit. The Banks might also collect these data (as a proxy for likelihood of loan repayment).	Annually	By gender of the owner	Use Washing-ton definition	Each busin ess unit mana ger	Data not captured on SBH annual reports.
		# MSMEs+L which report an increase in revenue because of SBH support		<a href="#">ftn2</a>		Annually	Yes by gender of the owner	Use Washing-ton definition	Each busin ess unit mana ger	Data not captured on SBH annual reports.
13	Increased # people employed by MSMEs	# People formally employed by SMEs+L	5247 (2013)-in ADD p.71	SBH says 700 each yr.; ADD puts 7,000 as a target.		Annually	Yes by gender	Use Washing-ton definition	Each busin ess unit mana ger	MSME formal employment increased by 17%. Note baseline: 5247 (2013) as per MERL Strategy and SBS formal employment data at end Sep 2020 for MSME relevant industries was 6135
							Annually	Yes by gender	Use Washing-ton definition	Each busin ess unit mana ger
12	# MEs & large which increase export	# SMEs+L which report increase in export	To be collected during Pre-assessment by each business Unit	NA		Annually	By gender of the owner	Use Washing-ton definition	Each busin ess unit mana ger	Note: MERL states these are to be collected during 'pre-assessment' phase by each department
11	Increased # SMEs graduating to non-guaranteed borrowing	Number of SBH clients or former clients receiving non-guaranteed loans (%)	NA	No target in ADD p.71		Annually after exit; or during pre-assessments for returning clients	By gender of the owner	Use Washing-ton definition	Each busin ess unit mana ger	Data not captured on SBH annual reports.





Box no.	Results	Proposed Indicators	Baseline Information	Target by EOP	Methodology/Data sources	When	Disaggregated by gender	By	Who is responsible	Progress to Date
		Number of MSMEs graduating from one tier to another (higher level) (%)	NA	No target in ADD p.71			By gender of the owner	Use Washington definition	Each business unit manager	Data not captured on SBH annual reports.
10	Increase long term survival of business supported by SBH (%)	% MSME clients still in operation after 3 yrs.	NA	70%	Collected by each Unit during annual Client surveys (a sample of MSMEs+L)	Annually for 3 yrs.	By gender of the owner	Use Washington definition	Each business unit manager	Need to collect as soon as possible via annual SBH Client Surveys
<b>Medium Term Outcomes: SBH Sustainability</b>										
8	SBH improved reputation as a best practice provider of services and support for MSMEs &L	Increase in # of stakeholders which give SBH a rating of 4 or above for service delivery (%) (score card: 1min, 5 max)	<a href="#">ftn3</a>	NA	Collected by each Unit through annual Client +other Stakeholders working in the private sector in Samoa (MCIL, Banks, SCCI) Surveys	Annually	NA	NA	Each business unit manager	80% overall level of satisfaction with SBH service delivery for FY 2019/2020 as a baseline. Regular annual surveys are recommended to ensure consistent ratings.
9	SBH reduced contribution from MFAT	% MFAT contribution to total SBH budget	TBD	TBD	SBH Accounts	Annually	NA	NA	Collected by SBH Management	6.5% increase in non-grant income (430k) was noted in FY 2019-2020, however, overall the total contribution of MFAT to SBH budget was more than 50% of total grant-based income for SBH.
<b>SHORT TERM OUTCOMES: 3 to 7 (Component 2), and 18 (Component 1)</b>										



Box no.	Results	Proposed Indicators	Baseline Information	Target by EOP	Methodology/Data sources	When	Disaggregated by gender	By	Who is responsible	Progress to Date
<b>SHORT TERM Outcomes Component 2</b>										
7	Improvement in loan repayment performance	% Recovered from foreclosure portfolio	<a href="#">ftn4</a>	65% for SRLU;	Collected by SLRU; information received from the Banks	Six-monthly	By gender of the owner	Use Washington definition	Each business unit manager	FY 2018-2019 - Total amount recovered \$328k over total amount foreclosed = 80.7% FY 2019-2020 - Total amount recovered \$274k over total amount foreclosed = 88.3%
		Collection rate (%)	As above		Collected by SLRU; information received from the Banks	Six-monthly	By gender of the owner	Use Washington definition	Each business unit manager	Refer to the above calculation
		Amounts of foreclosure	As above	Less than 7%	Collected by SLRU; information received from the Banks	Six-monthly	By gender of the owner	Use Washington definition	Each business unit manager	FY 2018-2019 - \$407,181 value of accounts foreclosed & total loan guarantee \$2.2 = 18.5% FY 2019-2020 - \$310,303 value of accounts foreclosed & total loan guarantee \$2.0 = 15.5%
		Rate of foreclosure	As above	<a href="#">ftn5</a>	Collected by SLRU; information received from the Banks	Six-monthly	By gender of the owner	Use Washington definition	Each business unit manager	FY 2018-2019 - # of accounts foreclosed 37 & # total number of clients 739 = 37/739 = 5% FY 2019-2020 - # of accounts foreclosed 24 & # total number of clients 652 = 24/652 = 3.6%

Box no.	Results	Proposed Indicators	Baseline Information	Target by EOP	Methodology/Data sources	When	Disaggregated by gender	By	Who is responsible	Progress to Date
		Level of arrears	As above	less than 20% of total portfolio; less than 7% of the total loan guarantee amount	Collected by each SBH business unit: Information received from the Banks	Six-monthly	By gender of the owner	Use Washington definition	Each business unit manager	<b>FY 2018-2019</b> - # of accounts in arrears 101 & value of arrears 435k - total loan guarantee \$2.2m - % of arrears /total loan guarantee = 20% <b>FY 2019-2020</b> - # of accounts in arrears 91 & value of arrears 486k - total value of guarantees \$2m - arrears as % of total loan guarantee = 24%
		Maintain level of guarantee funds	TBD		Collected by SLRU	Six-monthly	NA	NA	SLRU manager	<b>FY 2018-2019</b> - total amount guaranteed \$2.2m <b>FY 2019-2020</b> - clients under partial guarantee (35 clients, value of loans approved \$1.5m & value of guarantee \$1.1m) - clients under 100% guarantee (69 clients, value of loans approved \$909k & value of guarantee \$909k - total amount guarantee \$2m
<b>SHORT TERM OUTCOME 6: Increase business skills and capacity</b>										
6	Increase in business skills and capacity in MSMEs	Change in competency level (pre and post programme)	Competency assessment: pre and post training/programme assessment	TBD	Collected by each unit using pre and post assessment forms (to be designed). Also during annual Client surveys to see if MSMEs	Pre and post training/ when it happens	NA	Use Washington definition	Each business unit manager	Number of business proposals developed during review period was 543 of which 172 were approved which reflect an approval rating of 32%.



Box no.	Results	Proposed Indicators	Baseline Information	Target by EOP	Methodology/Data sources	When	Disaggregated by gender	By	Who is responsible	Progress to Date
					continue to use knowledge					
		Need for new skills, knowledge	Training needs assessment	NA	Collected by each unit using pre and post assessment forms (to be designed). Also during annual Client surveys to see if they need new skills/training/support	Pre, post and annually after	NA	Use Washington definition	Each business unit manager	75% of MSMEs with business plans rated SBH support as Very good or Outstanding for FY 2019-2020. SBH to ensure this data is consistently recorded at pre & post assessment stages of engagement with the client.
<b>SHORT TERM OUTCOME 5: SBH increased revenue</b>										
5	SBH increased revenue	Increase revenue	SBH has the data, so can give the baseline	10% increase year on year	Collected by each unit, internal SBH data	six-monthly/quarterly	NA	NA	Each business unit manager	SBH grant based revenue increased by 70% between 2018 (SAT\$1.8m)-2020 (SAT \$3.1m) & non-grant-based income increased by 11% (SAT \$389k in 2018 & SAT \$430k in 2020) for the same period. The bulk of the grant-based income is from PSDP for SBH Operations.
		Contribution of clients to cost of BDS	5% (2017)- ADD p.72	25% 2022 ADD p.72	Collected by each unit, internal SBH data	Six-monthly/quarterly	NA	NA	Each business unit manager	Very low generation of income from BDS fees with only \$9.5k reflected in FY 2018-2019 and \$3.8k in FY 2019-2020
<b>SHORT TERM OUTCOME 3: Increased relevance and effectiveness of SBH support provided to MSMEs (+L)</b>										



Box no.	Results	Proposed Indicators	Baseline Information	Target by EOP	Methodology/D ata sources	When	Disaggregated by gender	By	Who is responsible	Progress to Date
3.1	Increased MSME satisfaction with the programmes /trainings/support delivered by x 3 streams	# MSMEs reporting satisfaction with the programme rating it 4 or above (use a scorecard: 1 Min to 5 Max) (%)	0		Client satisfaction forms and annual surveys (to be designed) Collected by each unit	Annually	By gender of the owner	Use Washington definition	Each business unit manager	FY 2019 - 2020 highlighted the first annual client satisfaction survey results for SBH 78% of MSMEs very satisfied with SBH initial meeting 80% of MSMEs interviewed were Satisfied or Very Satisfied with SBH training processes
<b>SHORT TERM OUTCOME 4: Increased relevance and effectiveness of financial services (A2F,micro-loans, micro insurance, loan guarantee) provided to MSMEs (+L)</b>										
4.1	Increased access to micro-loans (Stream 1)	# Micro and Small Enterprises which apply for micro-finance loans from SBH	<a href="#">ftn6</a>		Collected by each unit, internal SBH data	Six-monthly	By gender of the owner	Use Washington definition	Each business unit manager	Data only available for FY 2019-2020 -16 males & 22 females signed up for GBSC microinsurance
		# Micro and small enterprises which get SBH microfinance loans and value of loans	TBD		Collected by each unit, internal SBH data	Six-monthly	By gender of the owner	Use Washington definition	Each business unit manager	Data only available for FY 2019-2020 -\$528k value of loans approved for 100% guarantee (294k males/234k females)



Box no.	Results	Proposed Indicators	Baseline Information	Target by EOP	Methodology/Data sources	When	Disaggregated by gender	By	Who is responsible	Progress to Date
4.2	Increased access to loans (Streams 2 and 3)	# Small, medium enterprises which apply for loans with SBH guarantee	<a href="#">ftn7</a>		Collected by each unit, internal SBH data	six-monthly	Yes by gender of the owner	Use Washington definition	Each business unit manager	FY 2019-2020 reports: (note this data was not available in FY 2018-2019 annual report) - stream 2: 18 loans approved for \$1.1m & \$528k value of loans approved for 100% guarantee (294k males/234k females) - stream 3:
		# Small & Medium Enterprises which get loans guaranteed by SBH, and value of the loans & guarantees	TBD	NA	Collected by each unit, internal SBH data	six-monthly	Yes by gender of the owner	Use Washington definition	Each business unit manager	
4.3	Utilisation of the loan guarantee fund	utilisation rate of the loan guarantee fund	130% add p.73	100% for SBH; but ADD says 200% by 2022	Collected by each unit	six-monthly	NA	NA	Each business unit manager	FY 2018-2019 Utilisation Ratio 98% FY 2019-2020 Utilisation Ratio not stated on Annual Report but estimated to be around 11.07m/11.15m = 99%
4.4	Increased access to micro-insurance (Stream 1)	# Micro and small enterprises which apply for SBH micro-insurance product	0		Collected by each unit, internal SBH data	six-monthly	Yes by gender of the owner	Use Washington definition	each business unit manager	FY 2019-2020: GBSC Clients 60 & Value of loans is \$493k. Need to disaggregate by gender & type of business



Box no.	Results	Proposed Indicators	Baseline Information	Target by EOP	Methodology/Data sources	When	Disaggregated by gender	By	Who is responsible	Progress to Date
		# MSMEs which get micro-insurance	0	NA	Collected by each unit, internal SBH data	six-monthly	Yes by gender of the owner	Use Washington definition	each business unit manager	
<b>OUTPUTS: Component 2</b>										
<b>OUTPUT 2. Increased access by MSMEs to SBH support and access to financial services</b>										
2.1	Stream 1 outputs	# Micro and small enterprises which apply for Stream 1	0	NA	Collected by each unit	Six-monthly/quarterly	By gender of the owner	Use Washington definition	Each business unit manager	FY 2019-2020 reports: (note this data was not available in FY 2018-2019 annual report) -328 # of businesses supported by Unit -106 males/105 females # of participants who completed business training - 45 males/24 females completed business plans
		# Micro and small enterprises which are accepted into Stream 1	0	NA	Collected by each unit	Six-monthly/quarterly	By gender of the owner	Use Washington definition	Each business unit manager	
		# and % micro and small enterprises which complete Stream 1	0	NA	Collected by each unit	Six-monthly/quarterly	By gender of the owner	Use Washington definition	Each business unit manager	
		# Of business plans facilitated	0	NA	Collected by each unit	Six-monthly/quarterly	By gender of the owner	Use Washington definition	Each business unit manager	





Box no.	Results	Proposed Indicators	Baseline Information	Target by EOP	Methodology/D ata sources	When	Disaggregated by gender	By	Who is responsible	Progress to Date
		# Stream 1 training programmes delivered each year	0	NA	Collected by each unit	six-monthly/quarterly	NA	NA	Each business unit manager	FY 2019-2020 reports: (note this data was not available in FY 2018-2019 annual report) -101 # of businesses supported by Unit for more than 12 months -18 loans approved for \$1.1m -\$528k value of loans approved for 100% guarantee (294k males/234k females) -25 participants who completed business training - 25 completed business plans - 4 export businesses supported
2.2	Stream 2 outputs	# Small businesses which apply for Stream 2	0	NA	Collected by each unit	Six-monthly/quarterly	By gender of the owner	Use Washington definition	Each business unit manager	
		# Small businesses which are accepted into Stream 2	0	NA	Collected by each unit	six-monthly/quarterly	Yes by gender of the owner	Use Washington definition	Each business unit manager	
		# and % small businesses which complete Stream 2	0	NA	Collected by each unit	six-monthly/quarterly	By gender of the owner	Use Washington definition	each business unit manager	
		# Of business plans facilitated	0	NA	Collected by each unit	Six-monthly/quarterly	By gender of the owner	Use Washington definition	Each business unit manager	
		# Stream 2 training programmes delivered each year	0	NA	Collected by each unit	six-monthly/quarterly	NA	NA	Each business unit manager	



Box no.	Results	Proposed Indicators	Baseline Information	Target by EOP	Methodology/D ata sources	When	Disaggregated by gender	By	Who is responsible	Progress to Date
2.3	Stream 3 outputs	# Medium sized enterprises which apply for Stream 3	0	NA	Collected by each unit	Six-monthly/ quarterly	By gender of the owner	Use Washington definition	Each business unit manager	<p>FY 2019-2020 reports: (note this data was not available in FY 2018-2019 annual report)</p> <ul style="list-style-type: none"> <li>-14 # of businesses supported by Unit for this period</li> <li>-25 participants who completed business training</li> <li>- 4 business plans in progress</li> <li>- 2 new partnerships</li> </ul>
		# Medium sized enterprises which are successful and enrolled into Stream 3	0	NA	Collected by each unit	Six-monthly/ quarterly	By gender of the owner	Use Washington definition	Each business unit manager	
		# Stream 3 cohort programmes delivered each year	0	NA	Collected by each unit	six-monthly/ quarterly	NA	NA	Each business unit manager	
		# Of business plans facilitated	0	NA	Collected by each unit	Six-monthly/ quarterly	By gender of the owner	Use Washington definition	Each business unit manager	
		# Of enterprises completing Stream 3	TBD	NA	Collected by each unit	Six-monthly/ quarterly	By gender of the owner	Use Washington definition	Each business unit manager	
2.4	<a href="#">ftn8</a>	# MSMEs which apply for services under three streams	0	NA	Collected by each unit	Six-monthly/ quarterly	By gender of the owner	Use Washington definition	Each business unit manager	





Box no.	Results	Proposed Indicators	Baseline Information	Target by EOP	Methodology/D ata sources	When	Disaggregated by gender	By	Who is responsible	Progress to Date
		# MSMEs which are successful and enrolled in 3 x streams programmes	0	NA	Collected by each unit	six-monthly/quarterly	Yes by gender of the owner	Use Washington definition	Each business unit manager	Total value of loans approved increased by 10% between FY18/19 & FY19/20. Note total value of loans approved were 2.89m (FY18/19) & 3.19m (FY19/20) Number of business proposals developed during review period was 543 of which 172 were approved which reflects an approval rating of 32%
		# and % of enterprises completing three different streams	0	NA	Collected by each unit	six-monthly/quarterly	Yes by gender of the owner	Use Washington definition	Each business unit manager	
		# Of business plans facilitated	0	NA	Collected by each unit	Six-monthly/quarterly	By gender of the owner	Use Washington definition	Each business unit manager	
		# Training programmes across three streams delivered each year	0	NA	Collected by each unit	six-monthly/quarterly	NA	NA	Each business unit manager	

**ACTIVITIES**

**Component 2**

**ACTIVITIES: 1. SBH develops a structured approach to offer quality services tailored to the needs of different clients (MSMEs +L) and graduation pathways for enterprise growth**

1	SBH develops a structured approach to offer quality services tailored to the needs of different clients (MSMEs +L) and graduation pathways for enterprise growth	
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Box no.	Results	Proposed Indicators	Baseline Information	Target by EOP	Methodology/D ata sources	When	Disaggregated by gender	By	Who is responsible	Progress to Date
1.1	SBH sets up micro-enterprise and start-up Business Unit (Stream 1) and delivers services	new services designed, and up and running	Yes/No	0	Collected by each unit	Once/ but revised based on feedback	NA	NA	Each business unit manager	Stream 1 now operational
		sensitisation & awareness campaigns (# MSMEs aware of SBH services, reasons)	qualitative & quantitative	0	Collected by each unit		NA	NA	Each business unit manager	Ongoing awareness campaigns
1.2	SBH sets up Small enterprises Business Unit (Stream 2) and the Elevate program and mentoring services and delivers services	new services designed, and up and running	Yes/No	0	Collected by each unit	Once/ but revised based on feedback	NA	NA	Each business unit manager	Stream 2 Unit now operational
		sensitisation & awareness campaigns (# MSMEs aware of SBH services, reasons)	qualitative & quantitative	0	Collected by each unit		NA	NA	each business unit manager	Ongoing awareness campaigns



Box no.	Results	Proposed Indicators	Baseline Information	Target by EOP	Methodology/D ata sources	When	Disaggregated by gender	By	Who is responsible	Progress to Date
1.3	SBH sets up Growth Hub Business Unit (Stream 3) and the Accelerator program and coaching and mentoring services and delivers services	new services designed and up and running	Yes/No	0	Collected by each unit	Once/ but revised based on feedback	NA	NA	Each business unit manager	Stream 3 Unit established during MTR and during review period 1 applicant had been approved
		sensitisation & awareness campaigns (# MSMEs aware of SBH services, reasons)	qualitative & quantitative	0	Collected by each unit		NA	NA	Each business unit manager	Ongoing awareness campaigns
1.4	Savaii Business Unit strengthened to provide services according to the new strategy (the three streams)	new services designed, and up and running	Yes/No	0	Collected by each unit	Once/ but revised based on feedback	NA	NA	Each business unit manager	Savaii Business Unit fully operational
		sensitisation & awareness campaigns (# MSMEs aware of SBH services, reasons)	qualitative & quantitative	0	Collected by each unit		NA	NA	Each business unit manager	Ongoing awareness campaigns

**Programme Implementation Contractor (PIC): Palladium Detailed Results Framework**



Box no.	Results	Proposed Indicators	Baseline Information	Target by EOP	Methodology Data sources	When	Disaggregated by gender	By PwD	Who is responsible	Progress to Date
<b>PIC Role</b>										
<b>1</b>	<b>PIC support to MCIL</b>									
1.1.	PIC provide support to MCIL to deliver Component 1	Satisfaction with the support received from PIC	0	0	PIC MCIL survey on support delivery	Annually	NA	NA	PIC	MCIL indicated satisfaction with PIC support during consultations
		Type of support provided	0	0	PIC internal records	Annually	NA	NA	PIC	TA support & some operational support with annual NZD 20k
1.2.	MCIL acquire new skills and knowledge	MCIL reports increase in skills, knowledge	0	0	PIC MCIL survey on support delivery	Annually	NA	NA	PIC	MCIL team supports procurement and monitoring processes introduced via PIC
1.3.	MCIL use these skills and knowledge internally to design, implement and M&E Component 1	MCIL reports use of new knowledge	0	0	PIC MCIL survey on support delivery	Annually	NA	NA	PIC	Registry for tracking policy implementation now in place and servicing of PAC as Secretariat.
<b>2</b>	<b>PIC support to SBH</b>									





Box no.	Results	Proposed	Baseline	Target by	Methodology	When	Disaggregated	By	Who is	Progress to Date
1.1.	PIC provide support to SBH to deliver Component 2	Satisfaction with the support received from PIC	0	0	PIC SBH survey on support delivery	Annually	NA	NA	PIC	Transitional Manager and Project Management as well as GESI & MERL advisors. However, some concerns noted during consultation by SBH with regards to future type of TA to be provided if it could be more short term and targeted to identified priorities from annual workplan
		Type of support provided	0	0	PIC internal records	Annually	NA	NA	PIC	TA and financial
1.2.	SBH acquire new skills and knowledge and operate more efficiently	SBH reports increase in skills, knowledge	0	0	PIC SBH survey on support delivery	Annually	NA	NA	PIC	Survey yet to be implemented by PIC for SBH staff
1.3.	SBH use these skills and knowledge internally to design, implement and M&E Component 2	SBH reports use of new knowledge	0	0	PIC SBH survey on support delivery	Annually	NA	NA	PIC	Utilisation of MERL & GESI recommendations in reporting systems
		SBH increase in knowledge, has better systems and processes in place	0	Qualitative assessment (increase)	TSC assessment of SBH	Annually	NA	NA	PIC	Better quality annual reports