

↳ **Impact Evaluation of the Business Development Program for Uruguay's Software Industry**

Impact Evaluation Workshop

Multilateral Investment Fund
Washington D.C., October 15th 2010

Program background

Training in quality standards for software production through SPICE, CMM and ISO certifications.

Quality and cost control component

Program Goal
Help increase competitiveness of Uruguay's software SMEs in the global market through management strengthening

Strengthening of business management component

Training and specialized consulting for: (i) strategic planning and financial administration and (ii) international market penetration.

Standards, norms and venture capital component

Consulting services to support actions that CUS may promote as a trade association participating actively in defining public policy and a regulatory framework to foster sector development.

PASS at at glance:

Funding:

CUTI: \$729,000 (45%)

MIF: \$891,000 (55%)

Total budget: \$1.62 million

Components:

- Quality and cost control
- Strengthening of business management
- Standards, norms and venture capital

Actual Date of

First Disbursement: March 7, 2002

Actual Date of

Final Disbursement: July 26, 2005

SMEs assisted: 72.

Program Outputs and Outcomes

Summarized Sample

Program Components	Outputs	Outcomes
I. Quality and cost control	<ul style="list-style-type: none"> - 23 technical assistance projects in quality - 23 businesses receiving technical assistance in quality 	<ul style="list-style-type: none"> - At least 88 new high value added jobs created during program execution and 302 total up to 2009. - At least US\$ 2.5 million in new exports generated during program execution and US\$ 7.08 total up to 2009 - Successful internationalization of more than 40% of participants
II. Strengthening of business management	<ul style="list-style-type: none"> - 65 businesses receiving technical assistance in marketing and internationalization - 8 of market studies - 6 Trade missions 	
III. Standards, norms and venture capital	<ul style="list-style-type: none"> - 3 of studies on standards and financing 	

Key findings of Impact Evaluation

- Assessment Rating*
- (1) Highly Satisfactory
 - (2) Satisfactory
 - (3) Moderately Satisfactory
 - (4) Moderately Unsatisfactory
 - (5) Highly Unsatisfactory

Overall judgment

**Strategic
relevance**

**2
Satisfactory**

- Coincidence of different factors made the PASS a “reasonable fit” for Uruguay.
- Bottom – up approach in the program design resulted into a sounding project that addressed SMEs needs within a practical scope of work.
- Although the Government did not participated in the program execution, it provided a level of support.

**Internal
quality**

**2
Satisfactory**

- PASS contribution to create BEE to promote sustainable sector growth and development was weak in spite of a norms and standards component.
- Demand – driven methodology for the identification of beneficiaries’ TA projects had a good depth and quality content in answering SMEs needs.
- Efficiency was generally recognized by beneficiaries, who perceived a crowding in value -for-money.
- On going program monitoring and evaluation provide limited understanding of impact and outcomes.

Key findings of Impact Evaluation

Overall judgment

**Dialogue and
dissimination**

**4
Moderately
Unsatisfactory**

- Additional impact could have been achieved by creating synergies with other on-going efforts.
- CUTI was instrumental and played a key role in conducting most of the decisions during program execution.
- The project was focused on local firms operating in the sector, and as such did not identify or address institutional or other conditions concerning the sector.

**Stakeholder and
beneficiary roles**

**3
Moderately
Satisfactory**

- The implementation of the program was heavily, if not in full, managed and influenced by the executing agency.
- Beneficiaries participation included the definition of the scope of work, based on their own needs, for the technical assistance components.
- MIF participation in execution was limited to fiduciary aspects of the program and general execution follow up with little involvement on technical aspects.

**Likely
impact**

**2
Satisfactory**

- Business performance of surveyed participants in different indicators shows a sustained likely impact on key company results and growth indicators.
- The norms and standards studies conducted during the program had little impact on sector policy and institutional issues.
- Program was effective in strengthening CUTI's institutional capacity.
- Presence in international markets of surveyed beneficiaries increased from 12 markets in 2002, to 19 in 2005 and 23 in 2009.

Key findings of Impact Evaluation

Overall judgment

Likely impact

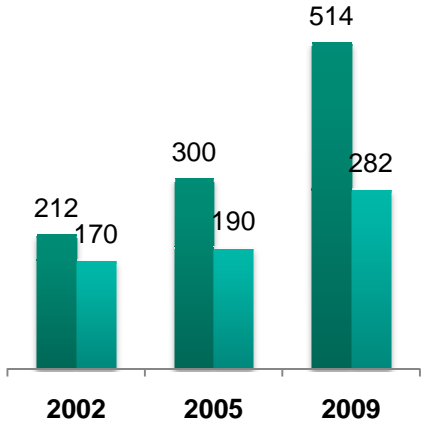
2 Satisfactory

- Employees growth**
 - Beneficiaries '02 - '05: **41.51 %** '05 – '09: **71.33 %**
 - Control group '02-'05: **11.76 %** '05 – '09: **48.42 %**
- Sales growth:**
 - Beneficiaries '02 - '05: **38.65 %** '05 – '09: **71.83 %**
 - Control group '02-'05: **- 7.84 %** '05 – '09: **64.34 %**
- Exports growth:**
 - Beneficiaries '02 - '05: **96.17 %** '05 – '09: **89.26 %**
 - Control group '02 - '05: **- 27.41 %** '05 – '09: **77.96 %**

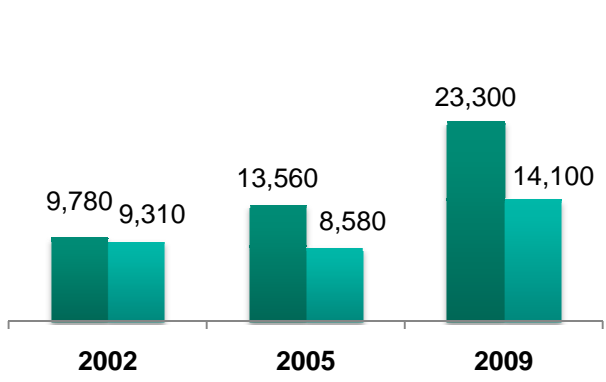
Surveyed participants vs Control Group

■ Participants
■ Control Group

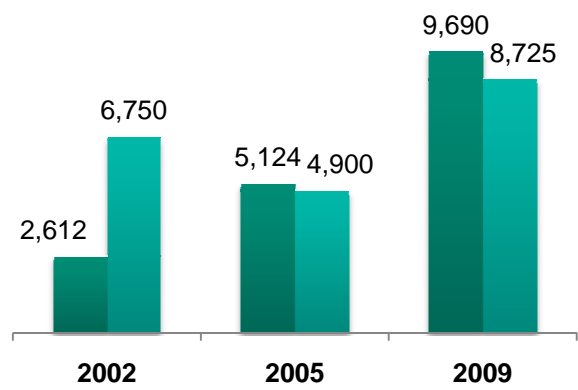
Higher value employment growth # of employees



Sales (US\$)



Exports (US\$)



Lessons

PASS success may be attributed to combination of factors

Impact on participant SMEs varies with better results in companies with a relatively higher level of development.

An impact evaluation assessment demands a minimum of information

The potential adverse effect and critical role that externalities play as part of risks assessment should not be underestimated.

With MIF/IDB's greater access to global knowledge, it could provide the necessary international experience to complement more proactively local capabilities

Recommendations

- Incorporate MIF experience and knowledge.
- Address beneficiaries needs / Assess potential program Director's leadership.
- Explore the possibility of applying some type of selection at participant's identification.
- Have a clear and organized strategy on data collection and management at programs onset .
- Reflect risk factors in the form of specific activities that help beneficiaries to develop certain skills.
- Consider sustainability and knowledge transfer as priorities.
- Introduce greater focus on benchmarks of performance.
- Improve monitoring and evaluation for results.

