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**EVALUATION OF PROJECT**

**STRENGTHENING SME BUSINESS MEMBERSHIP ORGANIZATIONS**

**REPORT**

**By**

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**LIST OF ACRONYMS**

|  |  |
| --- | --- |
|  |  |
| **BCC** | Business Community Club |
| **BDS** | Business Development Services |
| **BMO** | Business Membership Organization |
| **CIPE** | Centre for International Private Enterprise |
| **CP** | Country Programme |
| **CPD** | Country Programme Document |
| **DCCI** | Donetsk Chamber of Commerce and Industry |
| **DCFTA** | Deep and Comprehensive Free Trade Area |
| **EU** | European Union |
| **GDP** | Gross Domestic Product |
| **IDP** | Internally Displaced Person |
| **IFC** | International Finance Corporation |
| **IUPFFPU** | Interregional Union of Poultry Farmers and Fodder Producers of Ukraine |
| **KMBS** | Kyiv Mohyla Business School |
| **LBPW** | League of Business and Professional Women |
| **M&E** | Monitoring and Evaluation |
| **MEDT** | Ministry of Economic Development and Trade |
| **MOQ** | Minimum Order Quantities |
| **MSMEs** | Micro-, Small and Medium Enterprises |
| **NGO** | Non-Governmental Organizations |
| **OECD-DAC** | Organization for Economic Cooperation and Development - Development Assistance Committee |
| **OSA**  **PPD** | Oblast State Administration  Public-Private Dialogue |
| **RIA** | Regulatory Impact Assessment |
| **SCO** | Swiss Cooperation Office |
| **SDGs** | Sustainable Development Goals |
| **SECO** | State Secretariat for Economic Affairs of Switzerland |
| **SME** | Small and Medium Enterprise |
| **UAFM** | Ukrainian Association of Furniture Manufacturers |
| **UNDAF** | United National Development Assistance Framework |
| **UNDP** | United Nations Development Programme |
| **UPRGTU** | Union for Promotion of Rural Green Tourism in Ukraine |

**EXECUTIVE SUMMARY**

**A. INTRODUCTION**

The socio-economic conditions deteriorated in Ukraine following the 2014 events. In view of their weak capacity, the business membership organizations (BMOs), which are supposed to defend the interests of the private sector and particularly SMEs, faced several challenges. UNDP supported the BMOs through the implementation of the project “Strengthening SME Business Membership Organizations” during the period 2015 – 2018 in cooperation with Ministry of Economic Development and Trade (MEDT) and with the financial support from State Secretariat for Economic Affairs of Switzerland (SECO). The overall objective of the project was to accelerate the development and competitiveness of the SME sector in Ukraine by strengthening the capacity of BMOs. The project intended to improve the governance and sustainability of targeted BMOs; enhance the use by SMEs of up-to-date techniques and knowledge provided by BMOs; increase the contribution of BMOs to policy-making; and enhance the engagement of authorities at national and local levels in the dialogue with the private sector. The aim of this forward-looking evaluation is to analyse the implementation of the project during the period 2015-2018 and draw upon lessons learned; and to provide recommendations and inform the development of the project’s follow-up phase.

**B. EVALUATION APPROACH AND METHODOLOGY**

The evaluation will assess project performance through the analysis of the five commonly used OECD - Development Assistance Committee (DAC) evaluation criteria, namely relevance, effectiveness, efficiency, sustainability and impact. In addition to these criteria, the Consultant will also assess the criteria of the coordination of the project with other international organizations and the criteria of the visibility of the funding agency, SECO/Swiss Cooperation Office (SCO). The evaluation used a mix of quantitative and qualitative data. In addition to desk review, three major tools were used: key informant interviews, focus groups and quantitative survey. The report is structured along key evaluation questions (from which sub-questions were developed for the key informant interviews).

**C. MAIN FINDINGS**

**RELEVANCE OF THE PROJECT**

The project is consistent with priority needs of SMEs as expressed in the national priorities and in both UNDP Country Programme Document (CPD) and the Swiss Cooperation Strategy for Ukraine. The high relevance of the project stems from the importance given to gender issues, particularly to women entrepreneurship, as well as to vulnerable groups. The direct and indirect beneficiaries (BMOs and their members), in fact, have expressed ownership of the project and considered it as highly relevant to their priority needs. The new CPD (2018-2022) and SME 2020 strategy of the Government, adopted in 2017, came to confirm the continuous relevance of the outcomes of the project throughout the period of implementation. The design of the project and its Logical Framework, however, was based on the general assessment of private sector representatives rather than on the in-depth capacity assessment of the targeted BMOs. The formulation document of the project related to outcomes 3 and 4 may lead to some confusion as both outcomes are related to public-private sector dialogue.

**EFFECTIVENESS**

UNDP project was effective in supporting BMOs to attract additional members and introduce changes in membership policy aimed to make the associations more effective, credible and efficient. It was also effective in introducing major changes in the BMOs’ governance and decision-making process, organizational structure, statutes, internal processes including HR and financial policies, code of ethics, culture of consultation and democracy, as well as in the establishment of specific committees that would meet the priority needs of their members. More transparent communication was achieved between BMOs management and members and which allows members to participate in decision-making process. The influence of BMOs was increased through the linkages and networks established with other relevant organizations. They were able to achieve with varying degrees progress in the formulation of a strategic framework. The involvement of external stakeholders in the process of the formulation of the strategic framework is less evident.

Members’ needs surveys and sectoral surveys, which are essential for the identification of services needed by members and non-SMEs members, are rarely carried out systematically by BMOs. The project was effective in enhancing the capacity of BMOs in the provision of improved and new services to members and particularly to women entrepreneurs and IDPs. It enabled some BMOs to provide innovative services to members. UNDP project was effective in strengthening the capacity of BMOs to implement inter-firm cooperation through joint events, exchange of experience, networking and clusters development.

The project provided the tools and approach to the targeted BMOs for the preparation of proposals for advocacy purposes, but less effective in enabling most BMOs in formulating by themselves the proposals and in joining efforts with other business associations in advocacy activities. Some positive results were achieved in advocacy efforts of BMOs, which led to changes in legislations and regulations at the national and regional levels.

The project was effective in putting in place the mechanisms for the engagement of national and regional authorities in the dialogue with the private sector, as evidenced by the regular consultations and dialogue conducted in targeted regions. It was also effective in enhancing the capacity of public authorities in engaging into consultation with a number of BMOs and assessing their proposals.

**EFFICIENCY**

All activities of the project were implemented on time according to the planned budget, while spending was as planned. There was overall satisfaction by BMOs and their members of the high quality of services provided by the project. The project is regularly monitored by UNDP and a mid-term evaluation was also conducted early2017.

**SUSTAINABILITY**

There is no doubt that the culture of targeted BMOs has evolved from a “club” to a business association that started to care about members and provide them with the needed services. Most of BMOs, however, have not yet been able to translate their vision, mission and strategic objectives into an action plan. Sustainability of service provision would, therefore, depend on the extent to which BMOs become “entrepreneurial” in the sense to continuously introduce changes in the services and innovate with new services. Additional support is needed to enable the BMOs to better understand how to do advocacy work and formulate advocacy strategy.

**IMPACT**

The assessment of the impact of the project is the extent to which the project’s objectives are contributing to changes in the SME sector. It is difficult to measure impact at the completion of this short time frame of the project. The limitations of the assessment of impact are also related to the relative absence of data on BMOs’ members, as few members responded to the online questionnaire. The online survey shows that the majority of the members were able to increase their sales during the last three years, though this growth cannot be attributed only to the impact of the project. The impact of the project is also reflected in the use of services by the members, as well as the satisfaction of the members with the BMOs’ interventions in addressing the constraints of the firms and proposing adequate solutions.

**COORDINATION WITH INTERNATIONAL ORGANIZATIONS**

UNDP coordination with donors and international organizations (EU Forbiz, IFC, Embassy of Poland, EBRD and CIPE) helped maximizing the benefits of the project in regard to coordination and cooperation of joint activities and exchange of information and experience: cooperation with the EU Forbiz in the preparation of the SME development strategy, IFC training on Corporate governance methodology, joint procurement training for SMEs (Poland project).

**SECO VISIBILITY**

Evidence shows that all BMOs and their members we met in the two focus groups were aware of the support of SECO to the project. SECO support is well visible in all printed materials and in the media.

**D. LESSONS LEARNED**

1. Developing the capacity of BMOs to become real representatives of the SME sector takes a longer time than the three-year duration of the project due to low capacity of BMOs and the external environment in which they operate.

2. The joint activities (training and other events) conducted for the targeted BMOs proved to be extremely beneficial as they allowed for sharing of experience and collective actions.

3. Involvement of all relevant stakeholders in advocacy effort at the regional level have yielded positive results in deregulation.

4. The relative absence of information of the needs of the whole SME sector as well as data on the availability of business development services has its limitation on the kind of services to be provided while hindering the growth of BMOs’ membership.

5. The promotion of inter-firm cooperation by some BMOs has proved its benefits to the firms in terms of cost reduction and joint contracts arrangements.

6. In view of their limited human and financial resources, BMOs would not be able to advocate for changes in the business environment without building partnership with research centres and universities which can support BMOs in the formulation of proposals.

**E. RECOMMENDATIONS**

1. Periodic revision of the LogFrame should become a practice in future UNDP projects, while longer term duration of future projects should be envisaged (at least 5-year project) in view of the fact that sustainability of capacity development of business associations and introduction of changes in the business environment may take several years to materialise.

2. UNDP to support the legal conversion of BMOs from the current NGO status to business associations

3. UNDP to support the completion of the strategic framework of the BMOs, and which should be based on the actual capacity of the BMOs, as well as on the findings of members’ needs survey. The engagement of internal and external stakeholders in the development of the strategy is a pre-requisite for its success.

4. UNDP should support targeted BMOs and other business associations in future projects to develop platform for inter-firm cooperation through clusters or networks of firms, to enhance competitiveness of SMEs in the local and export market.

5. The scaling up of the current UNDP project to cover the meso level in selected regions of Ukraine would require an understanding of the whole business associations infrastructure as well as knowledge of the available business development services.

6. UNDP should not confine its support to few BMOs, rather it needs to support a network of business associations at the regional level, which would improve business service provision to the whole SME sector.

7. UNDP is to enhance the capacity of BMOs in planning and developing advocacy strategies and partnering with universities and research centres for the preparation of evidence-based proposals.

8. UNDP is to enhance cooperation between business associations in the adoption of common position when advocating for a change in reforms or regulations.

9. The success of advocacy efforts at the national level would require from the business associations to partner with influential private sector organizations as well as with the regional chambers. UNDP should consider the possibility of supporting the Ukraine Chamber in the restructuring of the organization and supporting capacity-building activities for regional chambers.

10. The success of public-private sector dialogue would depend primarily on the capacity of BMOs to jointly advocate for deregulation and on the capacity of the public sector to get a better understanding of the required reforms and in the application of Regulatory Impact Assessment (RIA).

11. SECO should consider a longer-term duration and diversification of the next phase of the project and allow for more flexibility in project revision

12. SECO should also consider the provision of funding to UNDP to widen the scope of the next phase of the project to include private sector development

1. **INTRODUCTION**
2. **The socio-economic context**

The socio-economic conditions deteriorated in Ukraine following the 2014 events (conflict in Donbas region and situation in Crimea) and which were reflected in the sharp decline of economic growth, devaluation of the currency, high inflation rates and increased unemployment. GDP recorded a negative growth rate of -6.6% in Dec 2014 (as compared to Dec 2013), and -9.9 % in December 2015. The consumer price index which reflects the rate of inflation jumped from -0.3% in 2013 to 12.1% in 2014 and to 48.7% in 2015. Inflation had its impact on salary levels since the real average salary growth declined by 6.5% in 2104 and 20.2% in 2015. As to unemployment rate, it increased from 7.7% in 2013 to 9.7% in 2014 and 9.5% in 2015[[1]](#footnote-1). The influx of over 1.3 million of Internally Displaced Persons (IDPs) from Donbas and Crimea, who lost their jobs, incomes and assets, had also its serious impact on the socio-economic conditions in the country, in addition to the fact that businesses in conflict areas had difficulties to sustain operations.

The country was also facing the challenges in improving the unfavourable macroeconomic and business environment, as the government was unable to remove the excessive regulations governing the operations of SMEs. The unfavourable business environment is reflected in Ukraine ranking in the World Bank Doing Business Report. In 2012 (2013 report), the country scored significantly worse than the rest of the region and was ranked 137 out of 185 countries in the overall Ease of Doing Business indicator. Ukraine, however, has improved its business environment ranking to 96th in 2014 (Doing Business report for 2015) mostly due to a progress in the ease of paying taxes and registering property. It is worth mentioning that Ukraine improved significantly its ranking to 76th in 2017 (2018 report), mainly due to net improvement in the following indicators: Starting a business, dealing with construction permits and paying taxes[[2]](#footnote-2).

The Business Membership Organizations (BMOs), which are supposed to defend the interests of the private sector and particularly SMEs, faced several challenges including weak institutional capacity and governance structures, lack of vision, difficulties in meeting the priority needs of SMEs and providing them with the needed services and lack of capacity to influence changes for simplified business regulations.

1. **Project strategy**

UNDP implemented the project “Strengthening SME Business Membership Organizations” during the period 2015 – 2018 in cooperation with the Ministry of Economic Development and Trade of Ukraine (MEDT) and with financial support from the State Secretariat for Economic Affairs of Switzerland (SECO). The overall objective of the project was to accelerate the development and competitiveness of the SME sector in Ukraine by strengthening the capacity of Business Membership Organizations (BMOs), thus allowing for more effective operations and the sustainability of these organisations.

The project has been implemented through four interconnected components dealing with BMOs’ organizational capacity and governance, improvement and expansion of services provision, advocacy and promoting effective cooperation with the government at all levels.

The project intended to achieve the following specific outcomes:

* Governance and sustainability of targeted BMOs are improved
* SMEs are increasingly making use of up-to-date techniques and knowledge provided by BMOs
* BMOs increasingly contribute to policy-making
* Growing engagement of authorities at national and local levels in the dialogue with private sector

To achieve these results, the project approach was to design and deliver a tailored capacity development programme to seven BMOs selected on a competitive basis, as well as on developing the capacity of concerned national and local authorities to effectively engage into dialogue with the private sector. The selection was based on the following criteria:

* number of members and membership dynamics
* estimated coverage
* institutionalized linkage with other BMOs
* degree of autonomy from government influence
* internal democratic procedures and operational structure
* proof of commitment/activity
* availability of resources

Following the selection process, the project developed the capacity of seven BMOs with different profiles and geographic coverage. The selected BMOs consisted of: one chamber of commerce (the Donetsk Chamber of Commerce and Industry; three industry associations (UAFM, the Union for Promotion of Rural Green Tourism in Ukraine (UPRGTU), and the Interregional Union of Poultry Farmers and Folder Producers of Ukraine (IUPFFPU); and three regional BMOs (Stina, the Business and Community Club (BCC) and the League of Business and Professional Women (LBPW).

**II. EVALUATION SCOPE AND OBJECTIVES**

1. **Purpose and scope of the evaluation**

The aim of this evaluation is to analyse the implementation of the project during the period 2015-2018 and draw upon lessons learned, to provide recommendations and to inform the development of the project’s follow-up phase. The evaluation is forward-looking and builds on the experience, achievements and lessons learned from the implementation of the project with the purpose of proposing recommendations for future interventions of UNDP.

Given the forward-looking nature of the evaluation, this report will therefore:

* Compare planned outputs of the project to actual outputs and assess the actual results to determine their contribution to the attainment of the project’s overall objective and specific results/outcomes
* Provide clear recommendations for the follow-up phase of the project, based on identified lessons learned in key areas of project implementation. These findings will serve to inform the development of the follow-up phase of the project.

1. **Limitations of the evaluation**

Two types of limitation of the evaluation are to be taken into consideration:

Limited time to conduct the evaluation: The number of working days (20 days) to conduct the field work and prepare the evaluation report constituted a challenge to the evaluator who also had to analyse the data of a quantitative survey conducted with members of the targeted BMOs.

Measurement of impact: Some limitations of the assessment of the impact are to be expected in the evaluation. It is difficult to measure impact at the completion of this short time frame of the project, since impact can be measured in the long-term and few years after the completion of project implementation. This evaluation will however assess the extent to which the results achieved by the project could contribute to the long-term goal (impact), will attempt to capture some “emerging impacts”, and identify the factors affecting the achievement of impact. The evaluation of impact will be mainly based on the findings of the online survey of BMOs’ members.

**III.** **EVALUATION APPROACH AND METHODS**

**1. Methodology and approach**

The evaluation will assess project performance through the analysis of the five commonly used OECD - Development Assistance Committee (DAC) evaluation criteria, namely, relevance, effectiveness, efficiency, sustainability and impact. In addition to these criteria, the Consultant will also assess two more criteria: (1) effectiveness of the project in coordination with other complementary interventions of donors/international organizations; and (2) the criteria of the visibility of the funding agency, SECO/Swiss Cooperation Office (SCO). The assessment of the evaluation criteria will take into consideration gender issues and vulnerable groups.

The evaluation used a mix of quantitative and qualitative data. In addition to the desk review, three major tools were used: key informant interviews, focus groups and quantitative survey.

*Desk review:* The Evaluator reviewed the following documents: project document, monitoring reports, mid-term evaluation report carried out in early 2017, financial documents, annual reports, project board terms of reference and minutes of meetings, cost-sharing agreement, BMOs baseline capacity assessment, Swiss Cooperation strategy in Ukraine, Project donor reports, other UNDP project documents and reports that are complementary to the BMO project, and relevant documents of donors and international organizations in Ukraine.

*Key informant interviews****:*** Interviews were carried out with UNDP project management and other UNDP senior staff involved in M&E and in complementary projects, the Business School (KMBS) and UNDP consultants who supported the capacity development of the BMOs, the seven BMOs, the Ministry of Economic Development and Trade, the Ukraine Chamber of Commerce and Industry, the Swiss Cooperation Office and the EU Forbiz project (see Annex 5: List of key informant interviews). Semi-guided interview questionnaire was used in the key informant interviews (see Annex 2: Semi-guided interview questionnaire). All questions indicated in the TOR were taken into consideration.

*Focus groups:*Two focus groups were conducted with SME members of BMOs (see Annex 3: Guide for the focus groups; and Annex 6: List of participants).

*Survey:*An online questionnaire was sent to SMEs members of BMOs with the purpose to assess the impact of the project on the development of their businesses and on the creation of a better business environment (Annex 4: Online questionnaire). In view of the limited number of respondents, the results of the online questionnaire give only an indication of the impact of the project on SMEs; it complements the findings of the other tools of the evaluation (documents’ review, key informant interviews and focus groups). A total of 42 members (55% female) of seven BMOs replied to the questionnaire which was sent to 133 members only, in view of the fact that BMOs have not yet generated a comprehensive list of email contact of their members (the total numbers of BMOs’ members is estimated at 3,258 as of June 2018).

**2. Evaluation criteria**

* **Relevance**: The analysis of relevance will focus on the extent to which the design of the project and its objectives are relevant to UNDP strategy and to the SMEs needs and priorities, and whether the project approach and methodology is appropriate for achieving the objectives. It will look at whether the objectives of the project are aligned with the policies and strategies of the government and SDGs, as well as to needs of women entrepreneurs and vulnerable groups, IDPs in particular. It will assess whether the target beneficiaries have ownership of the project interventions and perceived the project as relevant to their needs. Relevance will look particularly at the extent to which the theory of change clearly responds to the nature and scope of the problem. It will also assess if the project remains relevant with changing context and priorities.
* **Effectiveness**: The extent to which the project results have been delivered as planned and progress made in the achievement of specific objectives. Focus will be on issues such as: whether the planned benefits have been delivered and received by the target groups and to the satisfaction of the SMEs. More particularly, the effectiveness will look at the extent to which indicators related to the outcomes of the project were achieved. The project effectiveness will look at stakeholders’ level: it will review the BMO final organizational capacity assessment of all seven partner BMOs, provided by UNDP, and assess the progress they have achieved with the project’s support in terms of organizational growth, provision of Business Development Services, advocacy and contribution to the public-private dialogue.
* **Efficiency**: The assessment of efficiency will look at the extent to which the various activities of the project transformed the available resources into the intended results, in terms of quantity, quality, and timeliness. It will look at the efficiency of the project management and the extent to which there was regular monitoring of project activities and results, as a tool to improve the efficiency.
* **Sustainability**: The extent to which the benefits of the project are likely to continue after funding is withdrawn, and consequently the options for BMOs to continue their operations in the future. Sustainability assessment will look at the areas of the project that are likely to be sustained and those that still needs future support. It will discuss the conditions for sustainability of future UNDP interventions.
* **Impact**: The extent to which the project’s objectives are contributing to changes in the SME sector, particularly on women entrepreneurs and vulnerable groups including IDPs entrepreneurs.
* **Complementarity/coordination of the project with other related programmes and projects:** The extent to which the project activities, results, and objectives reflect advantages for UNDP intervention and their complementarity with other related programmes and projects of donors/international organizations programmes.
* **SECO visibility**: The evaluation team will assess the extent to which SECO visibility is reflected in all project's activities and interventions.

1. **The evaluation matrix and evaluation questions**

The Consultant formulated a number of key evaluation questions linked to the evaluation criteria; the key questions are assessed on the basis of a number of indicators. For that purpose, an evaluation matrix was prepared (Annex 1). The Matrix is constructed in a hierarchical manner, consisting of the evaluation questions, their answers, the related indicators, indicator estimates (the extent to which the indicator was achieved), and related facts, figures and references. This would ensure that all collected data and information could be verified by UNDP. The analyzed data collected through the Desk review and all other data collection tools - entered into the Matrix - provides the basis to reply to the evaluation questions. The answers to the evaluation questions will constitute the main body of the report. The template for the evaluation questions, indicators and evaluation answers is presented below.

|  |  |
| --- | --- |
| Evaluation Question 1 (EQ 1): | |
| EQ 1 answer: | |
| Indicator 1.1 |  |
| Indicator estimate |  |
| Related facts, figures and references |  |
| Indicator 1.2 |  |
| Etc… |  |
| Continued with Evaluation Question 2, etc….. | |

The report is structured along the main evaluation questions used in this evaluation (from which sub-questions were developed for the key informant interviews as indicated above) and which are as follows:

*Relevance*

(1) To what extent the design and objectives of the project address the problems, needs and priorities of the intended direct and indirect beneficiaries, particularly vulnerable groups?

*Effectiveness*

(2) To what extent the project has been effective in strengthening governance and organizational capacity of targeted BMOs?

(3) To what extent the project has been effective in contributing to increasing use by SMEs of up-to-date techniques, knowledge and services provided by targeted BMOs?

(4) To what extent the project has been effective in enhancing the benefits for SMEs, particularly for women and vulnerable groups, from advocacy activities and policy interventions of BMOs?

(5) To what extent the project was effective in enhancing the engagement of authorities at the national and local levels in the dialogue with the private sector?

*Impact*

(6) To what extent the project is contributing to the growth of SMEs members, particularly women, of the targeted BMOs and to improvement in the business environment?

*Efficiency*

1. To what extent the outputs of the project were produced efficiently with respect to cost and timeliness?

*Sustainability*

(8) To what extent the project has been able to create sustainable structures and mechanisms to ensure the sustainability of results of UNDP capacity development activities?

*Coordination and complementarity*

(9) To what extent has UNDP coordination of the process of support to BMOs with international organizations has been effective and helped maximize the benefits of the project?

*Visibility of SECO and UNDP*

(10) What visibility and public awareness of SECO/Swiss cooperation office has been created among the stakeholders?

**IV. KEY FINDINGS OF THE EVALUATION**

**A.** **RELEVANCE**

***The project is consistent with SDGs and the priority needs of SMEs as expressed in the national priorities and in both UNDP Country Programme and the Swiss Cooperation strategy***

The Project falls, at the time of its formulation, under Country Programme (CP) outcome “Reduction of poverty in rural areas through socio-economic development activities”, which is pursued by UNDP in through “provision of technical advice to the Government; development of trade capacity of authorities, entrepreneurs and their associations” for the period of 2012-2016. The expected project’s output comes as “Strengthened capacities of Business Membership Organizations to represent interests of the private sector and contribute to the policy development leading to SMEs sector growth”. Particular emphasis is given by the project to increased capacity of BMOs to reach enterprises in rural areas and to IDPs entrepreneurs. The project is also related to the achievement of SDGs goals, particularly goal 5 on gender equality, goal 8 on decent work and economic growth and goal 10 on Reduction of inequality.

The project is also in line with Sustainable economic development domain which is one of the four strategic orientations of the Swiss Cooperation Strategy for Ukraine 2015-2018. The UNDP project is closely related to two outcomes of Sustainable Economic Development: Outcome 4.1: The private sector benefits from new trade opportunities, better access to finance and increased business skills; and Outcome 4.2: National authorities improve the regulatory framework for the financial market and financial institutions are enabled to offer a wider range of services to the private sector, in particular to SMEs.

Though the development of the SME sector was never among the main priorities of the Ukrainian Government before 2012, the Government started realizing the untapped potential of the SME sector as a driver of sustainable economic growth by signing the 2012 Law of Ukraine on Development and State Support of Small and Medium Enterprises in Ukraine. The Law was not implemented due to absence of financial support from the state budget. In 2015, a new version of the law was proposed whereas the goals and principles of state policy in the sphere of SME were expanded to include the following priority areas: deregulation, reduction of regulatory costs of SME’s, simplification of the companies’ registration and business activity. The Draft Law was accepted in the first reading in January 2015[[3]](#footnote-3), but apparently it didn’t yet materialise.

***The high relevance of the project stems from the importance given to gender issues, particularly to women entrepreneurship, as well as to vulnerable groups such as the Internally Displaced Persons (IDPs)***

The project document gave particular emphasis to support at least one BMO that represents women entrepreneurs and promotes women entrepreneurship, while at the same time focusing on the importance for other BMOs to enhance the participation of women in economic development. In view of the events in East Ukraine in 2014, the project called for including IDPs, particularly IDPs’ entrepreneurs and potential start-ups in project interventions.

***The project document includes an analysis of the problems faced by Ukraine, particularly with regard the institutional weaknesses of the private sector representatives and the business environment which was described to be far from being conducive to the starting and operation of a local firm.***

The project document includes an analysis of the problems faced by Ukraine, particularly in the business environment which was described to be far from being conducing to the starting and operation of a local firm. It elaborates on the major challenges faced by BMOs as follows: Weak financial sustainability, as most BMOs have too few members to sustain their operations; very low representation (number of members) as most BMOs operate as a club; organizational weakness; and Government’s low prioritisation of SMEs.

The BMOs weaknesses are well addressed in the four components of the project and in the related outcomes:

* Governance and sustainability of targeted BMOs improved
* SMEs are increasingly making use of up-to-date techniques and knowledge provided by BMOs
* BMOs increasingly contribute to policy-making
* Growing engagement of authorities at national and local levels in the dialogue with private sector

***The direct and indirect beneficiaries (BMOs and their members) have expressed ownership of the project and considered it as highly relevant to their priority needs***

According to the BMOs and the members we met at the two focus groups, the high relevance of UNDP project stems from the fact it came at the right time to meet their needs for the following reasons:

* The associations were operating as classical ones like a “club” with no clear direction. The project came to help them convert to business associations
* They were lacking the appropriate organizational structure with lack of communication between the management and the members, as well lack of transparency and democratic culture
* The associations were facing the challenge of lack of trust of members in the management as well as lack of interest in the associations. The project helped them in improving and diversifying the services to members.
* The associations faced another challenge that of the business environment in which members operate and were eager to improve the business climate but were relying on government initiatives. The project helped them to be proactive and take initiatives in advocacy and lobbying.

***The outcomes of the project remained relevant throughout the period of implementation, as the new*** ***CPD (2018-2022) and*** ***SME 2020 strategy of the Government, adopted in 2017, came to confirm its high relevance***

UNDP project is still relevant since it is still in line with the strategic objectives of the SME strategy 2020 of the Ministry of Economic Development and Trade (MEDT), and which consist, among other things, of: Improvement of the SME regulatory, institutional and business environment; Improvement on access to finance for SMEs; Simplifying of tax administration for SMEs; Promotion of entrepreneurial culture and development of competitive human capital and skills; Promotion of SME export/internationalisation in context of EU-Ukraine Association Agreement / Deep and Comprehensive Free Trade Area (DCFTA); and Facilitation of SMEs’ competitiveness and Innovation[[4]](#footnote-4).

The project remained also relevant as it falls under UNDAF Outcome 4.1 of the new CPD (2018 – 2022): By 2022, all women and men, especially young people, equally benefit from an enabling environment that includes labour market, access to decent jobs and economic opportunities**.** It is also aligned with CPD Output 2.2**:** Public institutions and private entities effectively cooperate to improve the business environment[[5]](#footnote-5).

***The project has established appropriate management and coordination arrangements***

As part of the management arrangement to ensure the implementation of the Project, a Project Board consisting of the MEDT, SECO and UNDP was established to provide overall guidance and direction to the project, oversee the project performance, review progress reports and annual work plans, ensure that all project deliverables have been produced satisfactorily, review mid-term and final evaluation reports and make management recommendations.

***Institutional arrangements for the long-term sustainability of the Project results are adequately described***

The project document describes how the project will achieve sustainability of the interventions. The focus of the project is on capacity development of the selected BMOs, and which aims to equip them with skills, competences and knowledge to enable them to continue operating sustainably and effectively without support after Project’s end. The project will focus on two core issues in capacity development to ensure sustainability: leadership of the BMOs’ management; and promotion of accountability.

It is assumed in the formulation document of the project that BMOs, through the training and coaching received in the three years of Project’s implementation, will improve their leadership, internal organizations, and will generate new memberships.

***The design of the project and its logical framework was based on the general assessment of private sector representatives rather than on the in-depth capacity assessment of the targeted BMOs, thus increasing the risks of project impact***

The design of the project was based on the general assessment of the private sector and business membership organizations. Outcomes and indicators of the project were thus formulated before the findings of the in-depth capacity assessment of the seven selected BMOs by the project. If the capacity assessment was taken into consideration in the project design, the indicators related to the outcomes of advocacy and public private sector dialogue would have been less ambitious. Periodic revision of project targets and indicators could have been a solution to avoid such discrepancy.

The fact that the project was designed prior to the selection of the BMOs may explain the reason why the analysis of risks was not undertaken at the formulation phase with regard to the dispersion of BMOs among several regions of Ukraine. The risk of dispersion could result in spreading the efforts and focus of the project, while the option of focusing the efforts in one region or a selected sector could yield better results and impact but may not give the project enough experience and lessons learned to the next phase. UNDP, however, has been able to mitigate such risks by increasingly adopting more individualized approach to different BMOs and giving due consideration to the fact that the group is varied.

Though the project has analysed the risks related to the macroeconomic situation and the possibility that unfavourable economic conditions may diminish the impact of the project, it didn’t take into consideration the political risks since it was formulated in 2013 prior to the conflict in East Ukraine and Crimea. UNDP, however, took de facto the political risks arising from the conflict in East Ukraine by including in the project Donetsk Chamber of Commerce and Industry which was displaced from the city of Donetsk. The selection process was designed in a way to ensure the representation in the project of the Eastern region (conflict-affected) as well as women entrepreneurs.

***The formulation document of the project related to outcomes 3 and 4 may lead to some confusion as both outcomes are related to public-private sector dialogue, particularly the indicators related to proposals prepared by the BMOs (outcome 3) and those assessed by the public authorities (outcome 4)***

The formulation of Outcome 3 (“BMOs increasingly contribute to policy-making”) and outcome 4 (“Growing engagement of authorities at national and local levels in the dialogue with private sector”), with their related indicators, may lead to confusion, as both outcomes are related to private-public sector dialogue and to proposals prepared by the BMOs (outcome 3) and proposals assessed by the public authorities. (outcome 4). This is reflected in some of the indicators which seem similar in both outcomes but stated in different wording. For example, the indicator in Outcome 3 related to proposals prepared by BMOs stated: “At least 40 out of all position papers/proposals presented by BMOs are taken into account by the government to improve SME regulatory/business environment” and the indicator in Outcome 4 related to proposals assessed by the national and regional authorities stated: “At least two national authorities and seven regional authorities establish framework to assess and develop the proposals of the private sector”. The formulation document of the project related to these outcomes poses a challenge for an adequate monitoring and evaluation.

**B.** **EFFECTIVENESS**

**1. Effectiveness of the project in strengthening governance and organizational capacity of targeted BMOs**

***UNDP project was effective in supporting BMOs to attract additional members and introduce changes in membership policy aimed to make the associations more effective, credible and efficient though it has resulted in the decrease of number of members in some of the BMOs at the time of evaluation***

According to UNDP draft report for 2015-2018 on achievements of the project results (based on available data as of June 2018), membership of seven partner BMOs has increased by 32% based on average for a group of BMOs[[6]](#footnote-6).

Four BMOs recorded a significant increase in their membership during the period 2015-2018 because of UNDP support, one of them, the Business Community Club (BCC), was able to double its membership.

The decrease recorded in the membership of several BMOs is not necessarily a sign of lack of interest of members or bad performance of the BMOs. The BMOs which recorded such decrease in number of members include the Donetsk Chamber of Commerce and Industry (DCCI), Stina and the Union for Promotion of Rural Green Tourism in Ukraine (UPRGTU). While the decline in membership in Donetsk Chamber was mainly related to the 2014 events in Eastern Ukraine, that of the two other BMOs (a decrease of approximately 33%) was due to the fact that the two BMOs limited membership to those paying fees only. The League of Business and Professional Women (LBPW) has currently 132 members as compared to 90 members in 2015 (an increase of 47%). With the recent changes in the leadership, new members have joined recently. The Interregional Union of Poultry Farmers and Folder Producers of Ukraine (IUPFFPU) increased slightly its membership from 34 to 41 members. Membership is not increasing well because most small businesses in this sector operate informally and prefer not to join the Union.

The project supported the BMOs in improving or establishing new membership policy. While some BMOs adapted the existing membership policy (DCCI, UAFM, BCC, Stina), the others developed it from scratch (LBPW, IUPFFPU, UPRGTU). However, issues remain across the board with respect to measuring performance and adapting the performance based on outcomes of regular monitoring and self-assessment (M&E)[[7]](#footnote-7).

Interest in membership was confirmed in the online survey whereas 95% of the sample indicated they will remain members of the BMOs and will also advise other entrepreneurs to become members.

Income from membership fees increased by 35.26%; 17%[[8]](#footnote-8) more members pay the membership fee - sign of higher quality of relations of BMO with the members. With the exception of DCCI which was affected by the 2014 events, the other associations recorded higher income from fees (4 times more for BCC during the period 2015-2018), in view also of the design by several BMOs of package of services whereas fees are paid according to services obtained. In the Ukrainian Association of Furniture Manufacturers (UAFM), membership fees have increased, as 80% of members pay fees now.

***UNDP capacity development plan based on the organizational capacity assessment of 7 BMOs was implemented through the use of mix of interventions: a long term holistic training and coaching programme for BMO management teams in various areas: governance, membership, legal setting, service provision, advocacy.***

An in-depth organizational capacity assessment of seven BMOs was conducted by UNDP in 2016 to identify capacity gaps as well as priority areas of interventions. The assessment and the capacity development plans were carried out in a participatory approach through consultations and strategic planning sessions with each of the BMOs.

UNDP used a mix of interventions to support the implementation of the capacity development plans: A long term holistic training and coaching programme for BMO management teams delivered in partnership with Kyiv-Mohyla Business School (KMBS), during nine-month period, consisting of nine classrooms modules, distant learning tools, coaching, training-of-trainers and final conference to present the programme and experience in training sessions at the Business School, expert review of organizational documents and legal setting of the BMOs, training and coaching on financial management, handbook/guide on legal aspects of BMO operation and governance, individual sets of practical recommendations on membership and service marketing, training and guide on fundraising for BMOs, HR needs and five webinars on HR policy[[9]](#footnote-9).

The project has also enhanced the capacity of BMOs in Monitoring and Evaluation through training and advisory support to develop individual M&E plans, and through the provision of an M&E handbook with generic tools.

In addition to the KMBS training courses, UNDP supported BMOs through a number of consultants who provided training and coaching in various areas: marketing and communication, Public Private Dialogue and deregulation, services and membership development, legal aspects, policy analysis and advocacy, mediation, mentorship and Corporate Social Responsibility.

The organization of training courses and other workshops that brought together all targeted BMOs enabled the project to mitigate any possible risk of mistrust among the BMOs which come from different regions in Ukraine and represent different sectors with unequal size. In view of the fact that BMOs usually depend on the leader’s personality who drives all processes, the project concentrated its efforts on the institutionalization of the BMOs through enhancing their organization capacity by including key staff of BMOs in addition to the leaders in most of its activities with the view to reduce the risk of any negative change in BMOs’ management.

***The project was effective in converting the BMOs from NGOs into real business associations which some of them were also enabled to expand their operations at the regional and national levels***

BMOs and in particular the UAFM, LBPW and UPRGTU considered that the project helped them convert their association from a “club” or “charity” organization to a real business organization. BMOs were effective in optimizing internal processes and in maintaining adequate organizational structure and processes. Thanks to the project, BMOs were able to expand the scope of their activities by creating new branches or by establishing their headquarters in Kyiv (LBPW). BCC started with one office in 2015 as regional organization and has now seven offices in Ukraine, including Kyiv. It became a national organization. Since the start of the project, LBPW which was at regional level changed its functions to operate at the national level and created regional branches. The proposals from members of the UAFM to open regional branches at the cost of members are under implementation.

***UNDP project was effective in introducing major changes in the BMOs’ governance and decision-making process, organizational structure, statutes, internal processes including HR and financial policies, code of ethics, culture of consultation and democracy, as well as in the establishment of specific committees that would meet the priority needs of their members***

The separation of responsibilities between the Board of Directors, the Executive management and the General Assembly in the BMOs was not clear or ineffective. In DCCI and the IUPFFPU, the president of the Board is at the same time the manager of the association. The absence of democratic election of the Board or ineffectiveness of the Board was another characteristic of most targeted BMOs.

The project was effective in introducing major changes in the governance, organizational structure and internal processes of targeted BMOs. These include the legal framework of BMOs, compliance with anti-corruption practices, rights and liabilities of the members, access to information, enhanced capacity on how to operate under unstable legislations, taxation on BMOs services.

BCC, for example, started recently the process of creation of a Board. LBPW had established a genuine elected Board members early June 2018 with revised approach structure and functions. LBPW members see now a major change in the management with democratic leadership. Major changes were also introduced in the UAFM which had a new executive manager two years ago. UAFM members met in the focus groups praised the new leadership of the association which became a democratic one. Recently (May 2018) and for the first time, board members were elected on the basis of their vision and programme for the next two years. Apart from DCCI, only UAFM registered as legal business association.

Most targeted BMOs made changes in the structure of their association or are in the process of completing them, and established internal policies, new statutes, standards and ethics code. The project also helped them in developing HR policies, financial policies and transparency of the budget.

Most BMOs have established committees of members to deal with specific priority issues. The Donetsk Chamber has now three committees: agriculture, SMEs and tourism. The UAFM created an export committee and a committee on advocacy. The UPRGTU which had in the past one committee that of categorization of mansions, have established recently two additional committees: international cooperation and law committees. LBPW created six committees including committee on advocacy and membership.

***The project was effective in enhancing more transparent communication between BMOs management and members, allowing thus members to participate in decision-making process***

All BMOs have developed a new website or improved the old one thanks to UNDP project. They are increasingly using social media such as Facebook to communicate with their members. Communication between BMOs management and members became more transparent and there is increased participation of members in decision-making. BMOs discuss with members their needs while members participate more in decision making and take responsibilities. The management starts to respond to initiatives coming from members. The UAFM, for example, created now an open atmosphere. There is trust between members and sharing of information through social media, in particular Facebook. The major change in the UAFM is that the management understands now the problems of the members. Members start to ask questions and solutions are made between management and members. The online survey confirms that most of the members are aware of the reforms proposed by the BMOs and which are currently under review by the authorities: 42% are regularly informed while 36 % are somewhat informed.

***BMOs increased their influence through the linkages and networks established with other relevant organizations***

Practical cooperation with other organizations was achieved by all BMOs with other organizations, as 11 formal MOUs including with foreign partners were signed, while three BMOs expanded cooperation with foreign peer organizations to learn the best practices[[10]](#footnote-10). DCCI is member of the National Board for Entrepreneurship, in which it is in charge of foreign trade activities. Some BMOs, such as BCC, have cooperation with the European Business Association and other international chambers. BMOs are also cooperating with other business associations and stakeholders at the regional level.

***BMOs were able to achieve with varying degrees progress in the formulation of a vision and mission and the development*** ***of a strategic framework including goals, strategic objectives and related indicators, action plan and budget. The involvement of external stakeholders in the process of the formulation of a strategic framework is less evident.***

The project supported BMOs in the formulation of a strategic plan, through courses in the Business School (a total of 9 days courses over a three-months period). The courses were coupled with mentorship support and home-based work carried by the participants. UNDP consultant provided also coaching support following the completion of KMBS courses.

The progress made by the BMOs in the development of the strategic framework varied from one BMO to another. The Donetsk Chamber was able to revise the “strategy” which is still confined to goals and strategic objectives, but without the formulation of related indicators and the preparation of a 3-year action plan with estimated budget. The Donetsk Chamber has only a yearly action plan with a budget, which, according to the Chamber, is not well connected with the strategy. The revised strategic plan of BCC includes objectives with related indicators, but the action plan is prepared for one year only. The IUPFFPU developed the main objectives of the strategy, but without the formulation of indicators; their action plan is for 6 months only. UPRGTU developed a strategy with one-year action plan and partnered with a research institute in the preparation of the strategy. Stina and LBPW are currently working on a new strategy; Stina has identified the strategic areas for future intervention. The UAFM prepared a strategy two years ago with a five-years action plan, but the strategy is weak according to the management of the Association. The strategy is expected to be modified in July 2018.

All BMOs expressed the needs of UNDP further support to enable them to complete the development of the strategic framework strategy. BMOs conducted consultations with members during the process of the development of the strategy, but the scale of consultations varies among BMOs. There was, however, little consultation with external stakeholders in this process.

**2.** **Effectiveness of the project in increasing use by SMEs of up-to-date techniques, knowledge and services provided by targeted BMOs**

***Members’ needs surveys and sectoral surveys which are essential for the identification of services needed by members and non-SMEs members are rarely carried out systematically by BMOs***

Regular semi-annual members’ satisfaction surveys of BMOs services are conducted by UNDP. The feedback received was used to diversify membership package and service offering on the demand-driven basis.

Apart from the members’ satisfaction surveys conducted by UNDP, there is absence of systematic and regular surveys conducted by BMOs on the needs of members as well as of the relevant SME sector to services; some have conducted small surveys (LBPW, IUPFFPU and DCCI) while all BMOs rely also on the consultation with their members to understand their needs and act accordingly. In view of their small size, BMOs face challenges in conducting surveys on the SME sector for which they intent to enhance their representation. A study conducted by the LBPW, with UNDP support, was confined to assess the participation of leaders’ women in business in Ukraine, using the State registry. The study shows that 46% of individual businesses (self-employed) are owned by women. However, there is lack of assessment of the needs of women entrepreneurs. The assessment of needs of women entrepreneurs would allow BMOs to identify the demand of services as well as the means to increase membership.

***The project was effective in enhancing the capacity of BMOs in the provision of improved and new services to members and particularly to women entrepreneurs and IDPs***

The project built the capacity of the BMOs in business planning and entrepreneurship, on how to reach the target audience and use the social media to communicate better with their members. It also supported them on the identification of services they can provide them to members and the others that can be referred to other business development services. The project has thus helped them to provide improved and new business services to SMEs.

Members of the BMOs are well aware of the services provided by BMOs. 66.6 % are active users of a range of BDS and 54.6% of Micro, Small and Medium Enterprises (MSME) members of seven BMO positively assess the quality of the provided services. This is also confirmed by the nation-wide survey on the Demand for Business Development Services among MSMEs, conducted in May 2017[[11]](#footnote-11). Five BMOs received tailored coaching and advisory support on designing/improving services. Seven BMOs underwent training in joint procurement for SMEs delivered in cooperation with a Polish-funded Project KupuimoRazom. Among the 13 participants of the BMOs, four participants (including three women) were certified as experts. Five BMOs received IFC training on ‘Governance system in Small and Medium Enterprises’ which aimed to equip the BMOs with necessary expertise to be able to provide relevant advisory and consulting services to their members[[12]](#footnote-12).

The online survey confirms that most of the members (81%) are aware of all services provided by the BMOs and 14% aware of few of them. While only 48% of the sample were receiving the services three years ago, today 86% are receiving BMOs services and almost all of them are satisfied with he quality of services provided. Most of the respondents gave high rating to the quality of services: 19% rated the services as excellent and 71% rated them as good.

DCCI had to adapt to the new context in the region following the 2014 events by expanding its services to IDPs entrepreneurs and meet their needs. The chamber supported them in legal services as well as in export promotion after they lost the Russian market. The Chamber cooperated also with the other UNDP project on “Economic recovery and infrastructure rehabilitation of Eastern Ukraine”. This project provided grants to IDPs start-up and existing businesses. As part of the latter project, the Chamber provided training to start-up IDPs on the preparation of business plans. DCCI has established a dedicated Committee on equal opportunities which addresses specific issues of women entrepreneurs.

All seven BMOs have signed the MoU (2016) to support and promote women entrepreneurship and assigned relevant coordinators in their organizations. Specific services to female entrepreneurs are provided by three BMOs: LBPW, DCCI, and UAFM. LBPW and DCCI provide a range of services, including networking, ‘business breakfasts’, trainings and advocacy. UAFM is currently engaged in the development and implementation of a services (consultancy to members) aimed at streamlining gender equality principles in the enterprises’ strategies and operation[[13]](#footnote-13). The UAFM is giving importance on the education of the members: emphasis is placed on raising awareness of members on how to enter the global market, as members were not confident about their ability to export.

BCC offers educational business training to members. Customized training services are offered for beginners and for advanced members. Stina is providing training to members in eight modules for the improvement of their services; local trainers are conducting the modules after having been trained by the UNDP project.

The IUPFFPU is now preparing regularly market analysis on export. The analysis is published on the website. A new service is being provided to members: information on tailored list of tenders depending on the product. Evidence shows that members are joining the IUPFFPU because the Union started to operate systematically and is giving them the opportunity to expand the market. The Union has increased its marketing services to members: from sales of eggs and meat to purchase of medicines and feedstock.

UPRGTU developed a package of services for members. It provides certification for members who are running the mansions. The challenge of UPRGTU is the ability to outsource some services particularly the online service for customers to rent the mansions.

The percentage fees from services to total income of BMOs are still relatively low: less than 15% for all BMOs except DCCI which get 85% of income from services (mainly because of issuance of certificates to members). Income from membership fees are less than 20% for all BMOs except UAFM (75%) and IUPFFPU (90%). The main sources of income for four BMOs are donors’ grants and charitable donations[[14]](#footnote-14).

***The project enabled some BMOs to provide innovative services to members***

In the past, the training service provided by BCC to members was through class-format workshop. Today, since early 2018, most of training is through webinars (two webinars per week), each one attracting more than 100 members and non-members. The training is on various areas: marketing, management, HR, use of social media, networking. BCC started to post the training materials on the website to make them widely available.

Another innovative service developed by BCC is to promote advice from member to another member, instead of relying on consulting services, since the best advice to an entrepreneur is from a peer. BCC members take advice from other members through the face book. BCC gave the members the opportunity to meet and have personal contacts. The significant improvement of the BCC database in 2016 enabled members to contact others and get advice to upgrade their business.

***UNDP project was effective in strengthening the capacity of BMOs to implement inter-firm cooperation through joint events, exchange of experience, networking and clusters development***

Business groups events are considered one of the mechanisms for cooperation between businesses in solving common issues and problems. Among the BMOs active in organizing groups meeting events are BCC, LBPW and the UAFM. LBPW organizes events where women can express their views and discuss specific issues. The Association started to organize networking meetings and established new format of networking through business breakfast where men and women leaders are invited.

Members of BMOs are getting also benefits from sharing cost of joint stands in national and international fairs. This is the case of the UAFM and the IUPFFPU. One of the UAFM’ s member indicated he “joined the Association a year ago after experiencing high cost in one of the international trade fair; by joining the association he can benefit by joining other members in fairs and international events”[[15]](#footnote-15).

Another mechanism of cooperation between firms is the one initiated by the UAFM which started, since a year ago, to arrange visits of members to others in different locations and regions where not only they benefitted from exchange of experience and networking, but also some of them were able to sign contracts for supply of specific products. Stina supported the creation of a social enterprise and assisted manufacturers of hand-made products to sell in the market. The IUPFFPU is now promoting cooperation between members after it got training in UNDP project. The members are cooperating more among themselves.

Cluster development was supported by three BMOs: DCCI, UAFM and UPRGTU. The Donetsk Chamber is supporting a cluster of textile firms consisting of 18 members, 80% of them are IDPs. It is also providing support to the Fashion cluster particularly in the export market and through arranging business visits to other countries.

Recently, UPRGTU developed clusters for members who share now the cost of joint events and advertisement. The Association started to introduce the cluster concept and has now two clusters. The cluster aims to make tourists busy with activities and entertainment, where the members of the Association share the cost. IDPs originating from Western Ukraine are also benefitting from the cluster which is giving them the opportunity to start small businesses.

LBPW expressed the needs for UNDP support on how to create clusters and to get more training in the cluster approach. The UAFM also needs capacity-building on how to support their members to cooperate together and have win-win situations.

**3.** **Effectiveness of the project in enhancing the benefits for SMEs from advocacy activities and policy interventions of BMOs**

***The project was effective in providing the tools and approach to the targeted BMOs for the preparation of proposals for advocacy purposes, but less effective in enabling most BMOs in formulating by themselves the proposals***

With the exception of DCCI, most targeted BMOs were not aware of the meaning of advocacy. The targeted BMOs benefitted from the capacity-building of the project in advocacy, in terms of the tools in advocacy strategy and an understanding of the approach in the preparation of proposals for advocacy purposes.

In addition to the courses provided by KMBS to BMOs, UNDP consultants supported BMOs in developing their capacity in advocacy: how to change their structure to respond to advocacy functions and how to use part-time staff and volunteers as well as committees for advocacy purposes in the absence of resources. The capacity of BMOs was also developed in the preparation of a stakeholders’ mapping and in the formulation of an advocacy strategy and preparation of proposals.

A series of training courses were also provided to BMOs on public policy issues, particularly on how to analyze a legislation, influence a policy and work with central government, parliament and regional authorities.

BMOs, however, need more practical exposure, as they did formulate one proposal in the advocacy training. Since the size of most BMOs is very small with limited number of staff, it is obviously difficult for them to prepare proposals without external assistance. Notwithstanding, BMOs face serious difficulties in the actual formulation of proposals. Indicators on effectiveness of the project in advocacy activities, in fact, are ambitious in view of the current capacity of most BMOs.

***Some positive results were achieved in advocacy efforts of BMOs, which led to changes in legislations and regulations at the national and regional levels***

Five BMOs show capacity and commitment to articulate SME development issues and formulate proposals or comments to draft decisions (Stina, DCCI, LBPW, BCC, UPRGTU). BMOs became able to engage stakeholders (national and regional authorities) in advocacy activities.

Evidence shows, however, that few BMOs succeeded in translating these proposals into changes in legislations and regulations at the national and regional levels.

At the national level, Stina has prepared with the support of a member of the parliament a draft law in 2017 “to prevent excessive pressure on enterprises emanating from the state oversight of application of labor legislation” (i.e. excessive penalties and fines for enterprises). The draft law has passed the first reading in the Parliament. Stina presented another Draft Law on “Outdoor Advertisement” that failed in the Parliament.

UPRGTU presented amendments to two laws. The first draft law was to amend the Law on “Individual peasant farms” regarding the definition of the legal status of persons engaged in rural green tourism. The amendment requests the government to remove the requirements for mansions with capacity less than 10 beds to register as entrepreneur; the draft law passed the first reading. The second draft law is to amend the tax code regarding taxation of incomes from green rural tourism; the amendment requests the government to remove taxes for those businesses; the amendment was submitted to the Parliamentarian commission last December 2017.

DCCI prepared a proposal on the Tax system, but it was not considered by the government. According to DCCI, the major reason of the failure is due to the fact that the Chamber proposed it directly to the government without going through the Ukraine Chamber of Commerce and Industry. Today, DCCI is increasing its cooperation and coordination with the Ukraine Chamber.

The UAFM is discussing with the national authorities about the removal of customs duties on import of equipment that is not available in Ukraine. A working group in the Association is reviewing the issue of ban on exports of wood and is working on a proposal for the removal of the ban. The LBPW is active in advocacy activities, particularly in promoting self-regulatory organizations. One of the success was in advocating for self-regulation in the beauty salons sector and other sectors important for women in terms of employment and services. At the regional level, Stina, with UNDP support, succeeded in its efforts with the Regional State Administration to change the regulation concerning water supply, as businesses had to pay high cost for water supply. The regulation was changed recently in 2018.

A number of proposals is under preparation or discussion with the national and regional authorities. A working group in the UAFM is reviewing the issue of ban on exports of wood. The Association is working on a proposal for the removal of the ban. The UAFM started lobbying with the Ministry of Economic Development about the problems faced by the members: monopoly in the industry, forest law, tax legislation.

The IUPFFPU prepared proposals for the Regional State Administration on support to small farmers and cooperatives, concerning the purchase of equipment.

**4.** **Effectiveness of the project in enhancing the engagement of authorities at the national and local levels in the dialogue with the private sector**

***The project was effective in putting in place the mechanisms for the engagement of national and regional authorities in the dialogue with the private sector, as evidenced in the regular consultations and dialogue conducted in targeted regions***

Mechanisms for involvement of regional authorities were put in place in some regions targeted by the project. DCCI heads the Working group to address issues and problems faced by the private sector in East Ukraine with the view to introduce changes in regulations and ease the operations of businesses. The departments of Civil-Military Administration and several other stakeholders (private sector institutions, public authorities, Business development services institutions participate in the working group which meets every month.

Recently, Stina, with the support of UNDP, created a platform to improve local regulations in the city where all stakeholders are participating. A working group is meeting regularly to discuss issues related to business environment in the region with the purpose to support change in regulations. The working group consists of representatives of business associations, chamber of commerce, State Regulatory Service, Anti-Monopoly committee, Consulting bodies (Council of Entrepreneurs) to the City Mayor, local authorities and universities. There are in Vinitsa 38 regulations of which only 11 are within the standards. The working group is supported by UNDP consultant who provides also training to the members of the working group on how to make business climate more favourable to businesses. A special commission from members of the above group will be responsible for deregulation. Then, the commission will provide the recommendations to the City Hall for review and adoption.

***The project was effective in enhancing the capacity of public authorities in engaging into consultation with a number of BMOs and assessing their proposals***

According to UNDP draft report for 2015-2018 on achievements of the project results (based on available data as of February 2018)[[16]](#footnote-16), six national and six regional authorities were engaged into dialogue with BMOs with the purpose to ease regulations on the operation of the private sector. Six national authorities were involved: MEDT, Ministry of Agrarian Policy and Food, Ministry of Health, Parliament (Committee on Entrepreneurship), Office of the Vice-Prime Minister (Cabinet of Ministers) and State Regulatory Service. The regional authorities engaged into dialogue include: Donetsk, Vinnytsia and Ternopil OSA, Vinnytsia, Lviv and Chernihiv municipalities.

Evidence shows that several events took place between the BMOs and both the national and regional authorities. We can mention the four round tables to discuss improvements to SME legislation (Lviv, Vinnytsia, Odesa, Kramatorsk) held jointly with Parliamentary Committee in 2015; four “business breakfasts” with Vice-Prime Minister for European Integration involving representatives of four partner BMOs (DCCI, UAFM, Stina, IUPFFMU) to discuss how to promote export, barriers to export and doing business. The project provided also advisory services to MEDT on reform of the Cabinet of Minister’s Council of Entrepreneurs. In addition, training and coaching programme on Public Private Dialogue was delivered to government authorities in 2017 and implemented jointly with Kyiv-Mohyla Business School. A total of 62 representatives from 22 institutions from among central, regional, local self-government authorities and amalgamated communities participated in the training programme.

The MEDT intends to build the business support infrastructure for SMEs, as it considers important the mapping of the BDS in the country to get a clear picture on their role and the nature and scope of their activities. The MEDT expects from the business associations to help the government get a better understanding of SMEs in the country, to be more proactive in the submission of proposals to the government and engage in private-public dialogue.

**C. EFFICIENCY**

The assessment of efficiency looks at the extent to which the various activities of the project transformed the available resources into the intended results, in terms of quantity, quality, and timeliness, and the extent to which the desired effects are achieved with the available resources/inputs.

**Cost-effectiveness:** all activities of the project were implemented according to the planned budget, though the VAT which consists of 2.4% of the total budget was not returned to the project by the Government. Necessary consultations and negotiation have been taking place between UNDP and the Government which, at the moment of reporting, have not resulted in an acceptable solution. Services have been procured by UNDP according to UND rules ensuring the ‘best value for money’ approach.

**Planning and budget management:** Spending as much as the planned budget is another indicator of project efficiency in management and planning. In 2017 budget revision of the CSA has been undertaken to mitigate budget risks which have emerged in 2015. Budget of components and activities was revised accordingly to accommodate priorities in terms of support to partner BMOs.

**Timeliness**: all project activities were implemented on time, and will be completed three months before the end of the project duration according to the cost-sharing agreement (September 2018).

**Quality**: There was overall satisfaction of the services provided by the project. The targeted BMOs and members we met in the two focus groups, all of them praised the high quality of UNDP project management, the involved contractors such as Business School and the UNDP consultants.

**Monitoring and Evaluation:** The project is well monitored by UNDP project management. Semi-annual and annual progress reports are prepared including the project status in LogFrame which assesses the extent to which indicators are achieved. The monitoring reports form usually the basis for evaluations; they were in fact very helpful to this evaluation of the project. Mid-term Evaluation of the project has been conducted in December 2016-January 2017.

**D. SUSTAINABILITY**

The sustainability of the project is not homogeneous in all its components, as follows:

1. There is no doubt that the culture of targeted BMOs has evolved from a “club” to a business association that started to care about members, consult with them on the problems faced and provide them with the needed services. The culture of democratic behaviour is predominant in the targeted BMOs, and members have now a say in decision-making. The changes made by the BMOs in their governance, structure, internal policies and processes can be considered as sustainable.
2. Most of BMOs have not yet been able to translate the vision, mission and strategic objectives into an action plan, and the development of a business agenda together with policies. There is a risk BMOs may lose the gains that resulted from project interventions if the strategic framework is not completed and operationalised. UNDP is to support the BMOs in this area to ensure sustainability.
3. BMOs have been able to improve current services and provide new ones to members. Sustainability of service provision would depend to the extent to which BMOs become “entrepreneurial” in the sense to continuously introduce changes in the services and innovate with new services, otherwise they may become obsolete in view of the competition from other service providers. To do so, they would need to regularly conduct assessment of members’ needs, and also assessment of the needs of the whole business sector. Support to BMOs in this area is needed to ensure sustainability of the services.
4. Additional support is needed to enable the BMOs to understand better the advocacy strategy and communication with the national and regional authorities. The capacity of the BMOs is to be enhanced on how to identify the issues through consultations with members, then to cooperate with other business associations to achieve consensus on the issue that needs to be advocated and partnering with research institutions for the formulation of the proposals. While some success was achieved by a number of BMOs, there is lot to do to sustain the advocacy operation.

**E. IMPACT**

The assessment of the impact of the project is the extent to which the project’s objectives are contributing to changes in the SME sector. As indicated above (see Introduction), it is difficult to measure impact at the completion of this short time frame of the project. The limitations of the assessment of impact are also related to the relative absence of data on BMOs’ members, as few members responded to the online questionnaire. This evaluation will attempt to capture only some “emerging impacts.

The online survey shows that the majority of the members were able to increase their sales during the last three years, though this growth cannot be attributed only to the impact of the project. During the last three years, 58% of members (of the sample) recorded an increase of more than 10% in sales and 17% less than 10% increase. while 25% of the sample had a decrease in sales.

The impact of the project is also reflected in the use of services by the members. 54% of the sample considered useful the services and advice provided by the BMOs, while 7% indicated that these services were somewhat useful. Most of the members (90%) are satisfied with the work carried out by the BMOs in addressing the constraints faced by SMEs, since they consider the BMOs as as strong and effective actor to work on the provision of positive solutions to the constraints that affect negatively the firms. Furthermore, 69% of the sample consider the BMOs as an effective organization in engaging into debates with the national and regional authorities concerning business and the economy.

**F. EFFECTIVENESS OF UNDP COORDINATION OF THE PROJECT WITH COMPLEMENTARY INTERVENTIONS OF** **DONORS** **AND** **INTERNATIONAL ORGANIZATIONS**

***UNDP coordination with donors and international organizations (EU Forbiz, IFC, Embassy of Poland, EBRD and CIPE) helped in maximizing the benefits of the project in view of regular coordination and cooperation in joint activities and exchange of information and experience***

UNDP project management participate in the Donor coordination thematic working group on Private Sector Development (chaired and supported by EU). The working group, which meets regularly (on a quarterly basis), presents an opportunity for UNDP to exchange experience and coordinate interventions.

UNDP project coordinates effectively with several donors/ international organizations with whom it developed partnership. Regular bilateral expert consultations are conducted with the EU Forbiz project on BMO development and self-regulation, in addition to the cooperation in the preparation of the SME development strategy and the related action plan. The EU project praised the excellent relations and cooperation with UNDP, and which resulted into benefits for both parties.

UNDP cooperated in the area of training with the International Financial Corporation (IFC) and the Poland funded project - Kupuimo Razom. The project cooperated with IFC to train partner business associations on SME Corporate Governance methodology as a potential service for member SMEs. UNDP cooperation with Kupuimo Razom project consisted of capacity-building of seven BMOs in providing the services of joint procurement for SMEs.[[17]](#footnote-17).

UNDP has also close cooperation with the European Bank for Reconstruction and Development (EBRD). Consultations are held with EBRD team on organizational development of BMOs in Ukraine and business development services. Two of the targeted BMOs (DCCI and BCC) were selected by EBRD to run regional Business Support Centres (among 15 regional centres)[[18]](#footnote-18). UNDP shared with EBRD the results of the MSME survey of the demand for BDS.

UNDP project involved the Centre for International Private Enterprise (CIPE) and Better Regulation Delivery Office (BRDO) into the advocacy campaign with LBPW on self-regulation.

**G. SECO VISIBILITY**

Evidence shows that all BMOs we interviewed and the BMO members we met in the two focus groups were aware of the support of SECO to UNDP project. SECO support is well visible during the annual meetings of the Project Board where selected BMOs are invited. All project materials were explicitly indicating the SECO’s financial support to the project as well as carrying SECO and UNDP logo. SECO and UNDP contributions to the project were covered in the websites of all BMOs and in all media briefings.

**V. LESSONS LEARNED, CONCLUSIONS AND RECOMMENDATIONS**

**A. LESSONS LEARNED**

1. Developing the capacity of BMOs to become real representatives of the SME sector takes a longer time than the three-year duration of the project due to low capacity of BMOs and the external environment in which they operate. The design of the project should have been revisited following the completion of the in-depth capacity assessment of the seven targeted BMOs, either by formulating less ambitious indicators (for outcomes 3 and 4) or by extending the duration of the project. Periodic revision of the LogFrame to adapt to changing context and to emerging needs is to be undertaken in future projects.

2. The joint activities (training and other events) conducted for the targeted BMOs proved to be extremely beneficial as they allowed for sharing of experience and collective actions. BMOs expressed high satisfaction with the 9-month training courses at the Kyiv-Mohyla Business School (KMBS) which gave them the opportunity to discuss various issues and challenges related to the operation of their respective organizations and share experiences, successes and failures. The fact that the seven targeted BMOs represent different sectors (SMEs, furniture, women entrepreneurs, green tourism, Poultry farmers) allowed the BMOs to enhance their knowledge and discuss challenges and experience from different perspectives.

3. Involvement of all relevant stakeholders in advocacy effort at the regional level have yielded positive results in deregulation. The involvement of all relevant stakeholders including the regional authorities has been successful in both Donetsk and Vinnytsia regions. The Donetsk Chamber of Commerce and Industry (Donetsk region) and Stina (Vinnytsia) established a platform where all stakeholders meet regularly to discuss issues related to deregulation. The regional authorities in both regions have been very receptive for changes in regulations, particularly when consensus is achieved among all participating stakeholders.

4. The relative absence of information of the needs of the whole SME sector as well as data on the availability of business development services has its limitation on the kind of services to be provided while hindering the growth of BMOs’ membership. With the exception of BCC which was able to double the number of members between 2015 and 2018, the increase in membership for all other BMOs was very modest at the end of the project. As long as the BMOs do not conduct surveys to identify the needs of the whole relevant sector they intend to represent, they will not be able to provide the needed services and thus increase their membership which is currently very low (less than 200 members for each of five BMOs).

5. The promotion of inter-firm cooperation by some BMOs has proved its benefits to the firms in terms of cost reduction and joint contracts arrangements. Members of BMOs got benefits from sharing cost of joint stands in national and international fairs. Some BMOs developed clusters for members who share now the cost of joint events and advertisement. Support is being given to cluster of furniture (UAFM), cluster of textile firms (DCCI) and green tourism clusters (UPRGTU).

6. Most of BMOs lack capacity in the formulation of proposals for advocacy purposes in view of their small size and limited human and financial resources. In view of their limited resources, BMOs would not be able to advocate for changes in the business environment without building partnership with research centres and universities which can support BMOs in the formulation of proposals. BMOs would also need to join efforts with other business associations in advocacy, since support to few small BMOs which are far from representing the SMEs sector has little impact on the creation of an enabling environment. Support to a network of BMOs in partnership with influential business associations is to be considered.

**B. CONCLUSIONS**

The project “Strengthening SME Business Membership Organizations” is highly relevant to the priority needs of SMES and remained relevant throughout the period of implementation, particularly to the SME 2020 government strategy and UNDP Country Programme 2018-2022. The relevance stems from the fact that the business membership organizations which are supposed to represent the private sector and advocate for reforms in the business environment, face several challenges related to their institutional weaknesses and lack of capacity to provide services to members, contribute to policy-making and engage in dialogue with regional and national authorities. The targeted BMOs and BMOs’ members also consider the project as highly relevant to their priority needs. The fact the design of the project was based on the general assessment of BMOs in Ukraine rather than on the in-depth capacity assessment of the seven targeted BMOs led to the formulation of ambitious indicators. Periodic revision of the project document would have been a solution to remedy for such discrepancy.

The project was effective in introducing major changes in the targeted BMOs’ governance, organizational structure and internal processes, while some progress was achieved in the formulation of a strategic framework and the preparation of an action plan. Though the targeted BMOs are conducting extensive consultations with their members to identify their needs for services, there is lack, however, of systematic surveys to identify the needs of the relevant SME sector or the relevant target group (i.e. women entrepreneurs).

As a result of the implementation of the project, the capacity of the targeted BMOs was enhanced in the introduction of new membership policy, the establishment of a more transparent communication between management and members and the provision of improved and innovative services that meet the priority needs of members. Another achievement of the project is the strengthened capacity of the targeted BMOs in attracting new members, expanding the geographical outreach of their operations and enhancing networking and cooperation between members through joint events, exchange of experience and clusters development.

The capacity of the targeted BMOs in policy-making and engaging into dialogue with the regional and national authorities was enhanced, though more efforts are still needed to enable the BMOs to formulate and implement an advocacy strategy. Though several proposals related to the improvement of the business environment were prepared by BMOs for advocacy purposes, few of them have been translated into new legislations at the national levels and in new regulations at the regional level.

Thanks to the project, BMOs became able to engage better with national and regional authorities as evidenced by the regular consultations and dialogue conducted in targeted regions by involving all relevant stakeholders. The capacity of public authorities in engaging into dialogue with the private sector was also enhanced, as several joint meetings were held to discuss issues related to the business environment.

As to the efficiency of the project, all activities were implemented according to the planned budget and on time. The targeted BMOs expressed satisfaction with the quality of project activities. A systematic monitoring of the project and mid-term evaluation were conducted to inform adaptation of the project to the needs of the BMOs and draw lessons learned.

Sustainability of the project is reflected in the democratic practice of the targeted BMOs which are now involving the members in decision making process. It is also reflected in the changes made by the BMOs in their governance, structure, internal policies and processes, as well as in service provision. It is not evident, however, that BMOs have the capacity to develop on their own a strategic framework and a business agenda without UNDP support. Additional support is also needed to enable the BMOs to formulate an advocacy strategy and develop proposals for the improvement of the business climate.

UNDP project was effective in coordinating its interventions with complementary projects of other international organizations. In addition to its participation in the Donor coordination thematic working group on Private sector development, UNDP coordinates operationally with the EU Forbiz project on BMO development and SME strategy, as well as with IFC and Poland fund in the area of training. UNDP has close cooperation with EBRD on organizational development of BMOs and business development services in Ukraine.

**C. RECOMMENDATIONS**

***1.*** ***Periodic revision of the LogFrame should become a practise in future UNDP projects on support to SMEs and longer-term duration of future project should be envisaged.***

Periodic revision of the LogFrame should become a practise in future UNDP projects on support to SMEs in view of possible changing context and emergence of priority needs that were not foreseen at the time of the formulation of the project document. Longer term duration of future project should be envisaged (at least 5-year project) in view of the fact that changes in the business environment may take several years to materialise: from the identification of the issues to be addressed to consultations with SMEs, to the development of proposals and completion of the advocacy process with the concerned authorities.

***2. Support the legal conversion of BMOs from the current NGO status to business associations***

Despite the legal advice provided by UNDP to the BMOs in various legal aspects: governance compliance, amendment of their statutes and internal structure, there is need to advocate with the government for the development of a separate legislation for business associations which are still considered as NGOs by the Ukrainian law with no specific mandate and status. BMOs need to have the legal mandate to defend businesses while the government will have to consult them as part of the private sector when preparing draft laws and regulations related to the business environment.

***3.*** ***Support the completion of the strategic framework of the BMOs that includes goals, strategic objectives and related indicators, action plan and budget. The strategic plan is to be based on the current strengths and weaknesses of the BMOs than on the capacity assessment conducted at the earlier stages of the project, as well as on the findings of members’ needs survey. The engagement of internal and external stakeholders in the development of the strategy is a pre-requisite for its success.***

BMOs have not yet developed a complete strategic framework during the time frame of the project. Though such shortages can be attributed partly to the weak capacity of most BMOs, nevertheless the approach used by the project in supporting the BMOs in strategic planning had also its weaknesses. The project relied on two kinds of support: the courses of KMBS, the mentors who were provided by the Business School to support the BMOs and finally the UNDP consultants. While there was consultation with the members, the strategy should also engage external stakeholders such as the Entrepreneurship Department at the Ministry of Economic Development, the Ukraine Chamber of Commerce and Industry, and other relevant business associations. In case there will be a second phase of the project, it would be necessary to continue the support to the targeted BMOs as part of the larger project for the business sector.

There are two main pre-requisites for the preparation of the strategy in future interventions of UNDP with business associations: a capacity assessment of BMOs and members needs survey.

* BMOs’ organizational capacity assessment: the strategic framework should be based on the findings of organizational capacity assessment which will look at the strengths and weaknesses of BMOs and at the impact, effectiveness and efficiency of the work of the association and on the way the work is being carried out, in addition to the external environment in which they operate
* Members’ needs survey as well needs of the relevant SME sector: this will provide an assessment of the quality of services and identify the services needed by BMOs’ members and the relevant SME sector

1. ***UNDP should support targeted BMOs and other business associations in future projects to develop platform for inter-firm cooperation through clusters or networks of firms, as a means to enhance competitiveness of SMEs in the local and export market***

Small business associations should not be seen only as service associations but also as a platform that would promote inter-firm cooperation through cluster or network. Small firms have difficulty to compete individually in the local and export market and to meet the outsourcing requirements of foreign companies in terms of minimum order quantities (MOQ) and delivery logistics, unless they cooperate together in one or more of the following areas: design of product, joint purchase of raw materials and equipment, joint marketing. UNDP project should continue in future projects to promote the transformation of other business associations as a concept and model that provides the platform for inter-firm cooperation.

1. ***The scaling up of the current UNDP project to cover the meso level in selected regions of Ukraine would require an understanding of the whole business associations infrastructure as well as knowledge of the available business development services***

The improvement of business development services to SMEs would require that UNDP undertakes the two following: (1) A diagnostic of business associations in selected regions or at the national level; and (2) A database on available business development services (BDS) in selected regions where future UNDP interventions are expected. The diagnostic of BMOs would enable UNDP to select the associations that can be considered as real business associations with significant representation. The database on BDS would allow the BMOs to refer SMEs to the appropriate BDS organization when the service is unavailable in the BMO.

1. ***UNDP should not confine its support to few BMOs, rather it needs to support in future projects a network of business associations at the regional level that would improve business service provision to the whole SME sector. Single business associations, particularly the small ones, are unable to meet the needs of SMEs for services unless they join and coordinate efforts in the provision of selected services***

BMOs should be able to address the challenges faced by the relevant SME sector and meet their needs and not confine their outreach to the membership. While service provision to members can be within the capacity of most of the targeted BMOs which have small number of members, a single business association, particularly the small ones, is unable to meet the needs of SMEs for services unless they join and coordinate efforts in the provision of selected services, such as training of SMEs in specific areas, exchange of experience through joint events, participation in fairs and exhibitions. UNDP needs to support a network of business associations at the regional level through training and coaching.

1. ***UNDP is to enhance the capacity of BMOs in understanding advocacy strategy and partnering with universities and research centres for the preparation of evidence-based proposals***

In view of the small size of most business associations, training on advocacy should focus on helping them understand advocacy strategy and communication rather than enable them to formulate proposals. Small BMOs do not have the human and financial resources to prepare the proposals. Since proposals should be evidence-based and require extensive research, BMOs should partner with universities, think tanks, research centres which can help them in the formulation of proposals.

1. ***UNDP is to enhance cooperation between business associations in the adoption of common position when advocating for a change in reform or regulation in the business environment***

In view of the small size of the BMOs, it is difficult for them to succeed in advocacy activities and in changing laws and regulations in the business environment without achieving consensus on issues related to the needed reforms. UNDP future interventions should enhance networking and cooperation between business associations in order to reach a consensus on major issues to be presented to the national or regional authorities for change in laws and regulations. The same platform proposed in the above-mentioned recommendation on service provision can be used for the purpose of advocacy.

1. ***The success of advocacy efforts at the national level would require from the business associations to partner with influential private sector organizations such as the Ukraine Chamber of Commerce and Industry, as well as with the regional chambers. UNDP should consider the possibility of supporting the Ukraine Chamber in the restructuring of the organization and supporting capacity-building activities for regional chambers.***

Advocacy at the national level would need partnering with more influential organizations such as the Ukraine Chamber of Commerce and Industry, as well as with the newly established Ukrainian Entrepreneurs Union (SUP) which represents the interests of SMEs and large businesses. UNDP should support the Ukraine Chamber in reforms: creation of SME department and creation of a research unit for advocacy purposes. In this connection, it is worth mentioning that the Ukraine Chamber expressed its interest to cooperate with UNDP, since such “cooperation will promote and strengthen the “image” of the Chamber”[[19]](#footnote-19). The Chamber wishes to get involved in future UNDP project interventions. One of the area of interest of the Chamber where it needs support is the creation of a research centre that would help in advocacy activities.

Joint activities between chambers of commerce and other associations in the regions will enhance the relationship between chambers and agree on common issues, which can be presented to the national chamber. By doing so, the regional chambers can in turn have influence on the national chamber for advocacy purposes. The involvement of the Ukraine Chamber of Commerce and Industry in advocacy activities would contribute significantly to the success of the proposals presented by the BMOs.

1. ***The success of public-private sector dialogue would depend primarily on the capacity of BMOs to jointly advocate for deregulation and on the capacity of the public sector to get a better understanding of the required reforms and in the application of Regulatory Impact Assessment (RIA) as a methodology for assessing the impact of draft legislations on the various sectors of the economy, before its adoption by the government.***

The success of public-private sector dialogue would depend primarily on the capacity of private sector representatives to achieve consensus among themselves on the issues that need to be addressed and on the joint presentation of evidence-based proposals. Such mechanism would make easy for the public sector to assess the proposals instead of dealing with big number of proposals originating from many BMOs. The role of the public sector will be that of a facilitator to translate the proposals into legislations. In addition to building the capacity of the private sector (as discussed in the part related to advocacy), the role of UNDP would be to build the capacity of the national and regional authorities in understanding issues related to macro-economic conditions and reforms needed to improve the business climate based on international experience. UNDP is to further increase ability of the Ministry of Economic Development and Trade as well as other authorities for the application of the Regulatory Impact Assessment (RIA) as a methodology for assessing the impact of draft legislations on the various sectors of the economy before its adoption by the Parliament or the Government (for the sub-laws).

**11. SECO should consider a longer-term duration of the next phase of the project and allow for more flexibility in project revision**.

In view of the fact that capacity development of BMOs and adoption of reforms in the business environment are a long process, SECO should consider increase its funding to UNDP and extend the duration of the next phase of the project to at least five-year duration. More flexibility is to be provided to UNDP to introduce changes to the project design and revision to the budget with the view to allow UNDP to adapt to changing conditions in the political and socio-economic environment.

12. **SECO should also consider the provision of funding to UNDP to widen the scope of the next phase of the project to include private sector development**

UNDP support to BMOs and reforms would need to be complemented by support to private sector development at: (1) the policy level particularly direct support to the government in developing the relevant policy framework with particular attention to the promotion of public-private sector dialogue; and (2) firm level with the view to enhance firm competitiveness in the local and export market.

**ANNEX 1: EVALUATION MATRIX**

|  |  |
| --- | --- |
| **RELEVANCE**  **EVALUATION QUESTION 1:**  **TO WHAT EXTENT THE DESIGN AND OBJECTIVES OF THE PROJECT ADDRESS THE PROBLEMS, NEEDS AND PRIORITIES OF THE INTENDED DIRECT AND INDIRECT BENEFICIARIES?** | |
| **EVALUATION ANSWER 1:** | |
| **Indicator 1.1** | The outcomes of the project are consistent with priority and needs of SMEs as expressed in the national priorities and UNDP strategy |
| Indicator estimate |  |
| Related facts, figures, and references |  |
| **Indicator 1.2** | Outcomes and outputs of the project remain relevant throughout the period of implementation |
| Indicator estimate |  |
| Related facts, figures, and references |  |
| **Indicator 1.3** | Extent of adaptation of the project with changing context and with lessons learned from previous experience |
| Indicator estimate |  |
| Related facts, figures, and references |  |
| **Indicator 1.4** | Perception of beneficiaries (Targeted BMOs and SMEs) as to whether the project reflected their priorities and met their needs |
| Indicator estimate |  |
| Related facts, figures, and references |  |
| **Indicator 1.5** | Analysis of the problems is well developed in the project design and are well related to the results/outcomes of the project (theory of change) |
| Indicator estimate |  |
| Related facts, figures, and references |  |
| **Indicator 1.6** | The formulation document provides an adequate framework for monitoring and evaluation |
| Indicator estimate |  |
| Related facts, figures, and references |  |
| **Indicator 1.7** | The formulation document of the project contains an adequately developed logical framework |
| Indicator estimate |  |
| Related facts, figures, and references |  |
| **Indicator 1.8** | Institutional arrangements for the long-term sustainability of the Project results are adequately described |
| Indicator estimate |  |
| Related facts, figures, and references |  |
| **Indicator 1.9** | The targeted BMOs express ownership of the project |
| Indicator estimate |  |
| Related facts, figures, and references |  |
| **Indicator 1.10** | The project is in line with the objectives of national government strategies (i.e.SME strategy) and UNDP country programme |
| Indicator estimate |  |
| Related facts, figures, and references |  |
| **EFFECTIVENESS**  **EVALUATION QUESTION** **2:** **TO WHAT EXTENT THE PROJECT HAS BEEN EFFECTIVE IN STRENGTHENING GOVERNANCE AND ORGANIZATIONAL CAPACITY OF TARGETED BMOS?** | |
| **EVALUATION ANSWER 2:** | |
| **Indicator 2.1** | Membership of selected BMOs, including 1 organization representing women’s entrepreneurship and vulnerable groups, increased at least by 15%; |
| Indicator estimate |  |
| Related facts, figures, and references (the references for the narrative) |  |
| **Indicator 2.2** | Incomes from membership fees in selected BMOs, including 1 organization representing women’s entrepreneurship, increased by at least 30%; |
| Indicator estimate |  |
| Related facts, figures, and references |  |
| **Indicator 2.3** | At least 6 out of 7 trained/coached BMOs, including 1 organization representing women’s entrepreneurship, optimized internal processes and are able to maintain adequate organizational structure and processes |
| Indicator estimate |  |
| Related facts, figures, and references |  |
| **Indicator 2.4** | At least 6 out of 7 trained/coached BMO, including 1 organization representing women’s entrepreneurship, established linkages and created networks with other relevant organizations |
| Indicator estimate |  |
| Related facts, figures, and references |  |
| **Indicator 2.5** | At least 6 out of the 7 trained/coached BMOs leaders, including 1 representing women’s entrepreneurship, show increased understanding of the needs of their members |
| Indicator estimate |  |
| Related facts, figures, and references |  |
| **Indicator 2.6** | Existence of a strategic framework with an action plan and budget, the formulation of which was developed in consultation with stakeholders |
| Indicator estimate |  |
| Related facts, figures, and references |  |
| **EFFECTIVENESS**  **EVALUATION QUESTION 3: TO WHAT EXTENT THE PROJECT HAS BEEN EFFECTIVE IN CONTRIBUTING TO INCREASING USE BY SMES OF UP-TO-DATE TECHNIQUES, KNOWLEDGE AND SERVICES PROVIDED BY TARGETED BMOS?** | |
| **EVALUATION ANSWER 3:** | |
| **Indicator 3.1** | Assessment of members’ needs and priorities is conducted regularly |
| Indicator estimate |  |
| Related facts, figures, and references |  |
| **Indicator 3.2** | Number of members receiving BDS increased by 30%; |
| Indicator estimate |  |
| Related facts, figures, and references |  |
| **Indicator 3.3** | Members’ satisfaction of BDS provided/facilitated by BMOs has increased by 50%. |
| Indicator estimate |  |
| Related facts, figures, and references |  |
| **Indicator 3.4** | At least 6 out of 7 trained/coached BMOs provide or facilitate the provision of new or improved BDS |
| Indicator estimate |  |
| Related facts, figures, and references |  |
| **Indicator 3.5** | At least 1 of trained/coached BMOs develops and provides services for female entrepreneurs |
| Indicator estimate |  |
| Related facts, figures, and references |  |
| **Indicator 3.6** | At least 80% of all trained/coached BMOs’ members are increasingly aware of the BDS offered and assess positively their quality |
| Indicator estimate |  |
| Related facts, figures, and references |  |
| **Indicator 3.7** | Percentage of revenues from services to total BMO income increases |
| Indicator estimate |  |
| Related facts, figures, and references |  |
| **EFFECTIVENESS**  **EVALUATION QUESTION 4: TO WHAT EXTENT THE PROJECT HAS BEEN EFFECTIVE IN ENHANCING THE BENEFITS FOR SMES FROM ADVOCACY ACTIVITIES AND POLICY INTERVENTIONS OF BMOS?** | |
| **EVALUATION ANSWER 4:** | |
| **Indicator 4.1** | At least 40 out of all position papers/proposals presented by BMOs are taken into account by the government to improve SME regulatory/business environment |
| Indicator estimate |  |
| Related facts, figures, and references |  |
| **Indicator 4.2** | At least 10 out of all position papers presented by BMOs address vulnerable groups and women’s entrepreneurship policies and are taken into account by the government |
| Indicator estimate |  |
| Related facts, figures, and references |  |
| **Indicator 4.3** | Existence of a business agenda for advocacy purposes |
| Indicator estimate |  |
| Related facts, figures, and references |  |
| **Indicator 4.4** | BMOs have the tools and approach for preparing proposals |
| Indicator estimate |  |
| Related facts, figures, and references |  |
| **Indicator 4.5** | At least 6 out of the 7 trained/coached BMOs, including 1 organization representing women’s entrepreneurship, show strong evidence of capacities to articulate SME development/business solutions based on a clear and consultative problem analysis |
| Indicator estimate |  |
| Related facts, figures, and references |  |
| **Indicator 4.6** | At least 6 out of the 7 trained/coached BMOs have designed no less than 10 sound proposals to the Government |
| Indicator estimate |  |
| Related facts, figures, and references |  |
| **Indicator 4.7** | At least 6 out of the 7 trained/coached BMOs have undertaken, each, at least 7 mediations between Government and their members |
| Indicator estimate |  |
| Related facts, figures, and references |  |
| **Indicator 4.8** | At least 1 out of 7 BMOs advocated for women’s entrepreneurship issues |
| Indicator estimate |  |
| Related facts, figures, and references |  |
| **Indicator 4.9** | At least 50 news stories covering BMO’s development, BMOs-Government interaction appear on national and regional media |
| Indicator estimate |  |
| Related facts, figures, and references |  |
| **EFFECTIVENESS**  **EVALUATION QUESTION 5:** **TO WHAT EXTENT THE PROJECT WAS EFFECTIVE IN ENHANCING THE ENGAGEMENT OF AUTHORITIES AT THE NATIONAL AND LOCAL LEVELS IN THE DIALOGUE WITH THE PRIVATE SECTOR?** | |
| **EVALUATION ANSWER 5:** | |
| **Indicator 5.1** | At least 2 national authorities and 7 regional authorities establish framework to assess and develop the proposals of the private sector |
| Indicator estimate |  |
| Related facts, figures, and references |  |
| **Indicator 5.2** | Dialogues between private and public sectors are assessed as positive and constructive by at least 80% of dialogue participants |
| Indicator estimate |  |
| Related facts, figures, and references |  |
| **Indicator 5.3** | 5 trained national authorities and 12 trained regional authorities show concrete evidence of established dialogue with BMOs |
| Indicator estimate |  |
| Related facts, figures, and references |  |
| **IMPACT**  **EVALUATION QUESTION 6: TO WHAT EXTENT THE PROJECT IS CONTRIBUTING TO THE** **GROWTH OF SMES MEMBERS OF THE TARGETED BMOS AND TO IMPROVEMENT IN THE BUSINESS ENVIRONMENT?** | |
| **EVALUATION ANSWER 6:** | |
| **Indicator 6.1** | Evidence of increased turnover of SMEs members of BMOs, at least 5% sales growth |
| Indicator estimate |  |
| Related facts, figures, and references |  |
| **Indicator 6.2** | Improved business environment |
| Indicator estimate |  |
| Related facts, figures, and references |  |
| **EFFICIENCY**  **EVALUATION QUESTION 7: TO WHAT EXTENT THE OUTPUTS OF THE PROJECT WERE PRODUCED EFFICIENTLY WITH RESPECT TO COST AND TIMELINESS?** | |
| **EVALUATION ANSWER 7:** | |
| **Indicator 7.1** | Cost of inputs relative to results achieved |
| Indicator estimate |  |
| Related facts, figures, and references |  |
| **Indicator 7.2** | Optimal use of human and financial resources |
| Indicator estimate |  |
| Related facts, figures, and references |  |
| **Indicator 7.3** | Absence of variances between planned and actual expenditures |
| Indicator estimate |  |
| Related facts, figures, and references |  |
| **SUSTAINABILITY**  **EVALUATION QUESTION 8: TO WHAT EXTENT THE PROJECT HAS BEEN ABLE TO CREATE SUSTAINABLE STRUCTURES AND MECHANISMS TO ENSURE THE SUSTAINABILITY OF RESULTS OF UNDP CAPACITY DEVELOPMENT ACTIVITIES** | |
| **EVALUATION ANSWER 8:** | |
| **Indicator 8.1** | Degree of institutional sustainability of BMOs |
| Indicator estimate |  |
| Related facts, figures, and references |  |
| **Indicator 8.2** | Steps taken by the Project management towards sustainability, including mitigation strategy towards possible risks that may jeopardise sustainability of results |
| Indicator estimate |  |
| Related facts, figures, and references |  |
| **COORDINATION AND COMPLEMENTARITY**  **EVALUATION QUESTION 9:** **TO WHAT EXTENT HAS UNDP COORDINATION OF THE PROCESS OF SUPPORT TO BMOS WITH NATIONAL AND INTERNATIONAL HAS BEEN EFFECTIVE AND HELPED MAXIMIZE THE BENEFITS OF THE PROJECT?** | |
| **EVALUATION ANSWER 9:** | |
| **Indicator 9.1** | Degree of coordination between UNDP project and other complementary interventions |
| Indicator estimate |  |
| Related facts, figures, and references |  |
| **Indicator 9.2** | Existence of mechanisms of coordination with other national and international organizations |
| Indicator estimate |  |
| Related facts, figures, and references |  |
| **VISIBILITY OF DONOR**  **EVALUATION QUESTION 10**: **WHAT VISIBILITY AND PUBLIC AWARENESS OF THE SWISS COOPERATION OFFICE HAS BEEN CREATED AMONG THE STAKEHOLDERS?** | |
| **EVALUATION ANSWER 10:** | |
| **Indicator 10.1** | Extent of awareness of, and positive feed-back received on Swiss support among beneficiaries and other stakeholders |
| Indicator estimate |  |
| Related facts, figures, and references |  |
| **Indicator 10.2** | Publications and press releases produced |
| Indicator estimate |  |
| Related facts, figures, and references |  |

**ANNEX 2: SEMI-GUIDED INTERVIEW QUESTIONNAIRE (FOR BMOs)**

**Introduction: Brief on the BMO**

1. **RELEVANCE**

To what extent the project reflects BMO needs and priorities?

Is the project still relevant to your needs?

To what extent there were extensive discussions with UNDP in the selection of priority areas that reflect your needs?

Is there any other priority area you would have liked UNDP to focus on?

To what extent the project is taking into consideration the context/changing context in Ukraine?

What would you like future projects to focus on?

1. **EFFECTIVENESS**

**GOVERNANCE AND ORGANIZATIONAL CAPACITY OF TARGETED BMOS?**

Sectors covered by the BMO

List all public-private committees and bodies that the BMO is represented on

Did partnership with other business organizations improved during the last three years? Any duplication (overlapping membership)? Any conflict or collaboration?

Are members aware of the mission of the BMO? How?

Is there a vision? How it was developed? Any participation of stakeholders in the formulation of the vision?

Is there a strategic framework with a plan of action? How was the strategy formulated? Any support from the project in this regard? If so, what was the support provided by the project? In case you have a strategy, is it known by members and other stakeholders? Do you have the capacity to prepare a strategic plan?

Has membership increased in the last 3 years? If so, give an estimate of the increase in percentage

To what extent there is diversity in membership (sectoral and geographical distribution, firm size, gender distribution, vulnerable groups)?

Have total membership fees increased in the last three years? How much in percentage? Has percentage of members paying fees increased in the last three years?

How do you track membership satisfaction? Is there any system for that?

Are there policy committees from members to advise on actions to be taken (reforms, etc…)? When did you form these committees, if any?

What is the relationship between the BMO director and the Board? Are the roles of the Board and management clear and function well? Any change in the relation during the last three years?

Are clear guidelines and criteria on board membership?

**SERVICES PROVIDED BY TARGETED BMOS**

Are you assessing members’ needs for business development services? If so, how did you undertake the assessment? Did you receive any support from the project in assessing members’ needs?

Are you aware of the priority needs of members to business development services? If so, how?

What kind of services are you offering? Did you introduce any new services or improving existing services to members? What are these services?

Are non-members benefitting also from these services? If so, since when?

How do you compare number of members receiving BDS in 2015 and 2018?

What is the percentage of women getting the services? Is the percentage higher today that it was three years ago?

Indicate the three most important services SMEs are in need.

Indicate one service you can provide it better than others directly to SME

What is the percentage income of these services to income from membership fees?

Are you planning new services?

How did you benefit from the project in improving the provision of business development services?

Was training useful or you would prefer another approach (coaching, sharing experience with other BMOs, study tours, etc…)

**BENEFITS FOR SMES FROM ADVOCACY ACTIVITIES AND POLICY INTERVENTIONS OF BMOS**

Do you have a business agenda reflecting the BMO priorities, with specific goals and concrete policies which you can use for advocacy activities?

Did you formulate proposals for concerned government institutions?

How many proposals did you formulate? How many are being taken into account by the government? Please elaborate.

How many of them address women’s entrepreneurship and taken into account by the government?

How many mediations you conducted led to a successful outcome?

What capacity the project provided you for the formulation of proposals/position papers?

Do you have a special research unit to support in the formulation of position papers, or do you rely on consultants? Or did you build partnership with academic and research institutions to support you in the formulation of position papers?

What capacity the project supported you in advocacy policy and formulation?

Is there any conflict with other BMOs, and particularly with the National Chamber of Commerce and Industry of Ukraine, with regard the reforms you are proposing? Are you partnering with other BMOs and with the National Chamber of Commerce and Industry to submit joint proposals to the government?

Did the project support you in the analysis of stakeholders, strengths and weaknesses, and their influence and/or support to your advocacy activities?

To what extent the government took into consideration or adopted the requested reforms? How many of them became laws and sub-laws?

Was training useful or you would prefer another approach (coaching, sharing experience with other BMOs, study tours, etc…)

**PUBLIC PRIVATE SECTOR DIALOGUE (To be discussed also with concerned public authorities (Ministry of Economic Development and Trade)**

Who is initiating the dialogue with the national or regional authorities? Are there specific issues prepared for discussion? What was the role of the project in supporting the promotion of such a dialogue?

Are the concerned national or regional authorities aware of the importance of preparing a road map for any reform to be adopted? The roadmap is a complete process from the initiation of the idea (reform), to consultation with the private sector, preparation of impact of the regulation/reform by both the public authorities and the BMOs, etc…)

To what extent there is increased dialogue between BMOs and national and regional authorities?

What proposals have been considered by the public authorities as a result of the dialogue?

To what extent did you benefit from the capacity-building of the project in assessing the BMOs proposals?

1. **IMPACT**

Are any reforms in the business environment under review or adopted by the government as a result of the project?

For SMEs: Any increase in turnover during the last 3 years? How much in Percentage?

1. **SUSTAINABILITY**

To what extent the changes made in the BMO (as a result of the project) can be sustained without any external support? If not, what support would you still need to ensure sustainability?

**ANNEX 3:** **GUIDE FOR FOCUS GROUP DISCUSSION WITH SMES MEMBERS OF BMOs**

1. When and why did you join the BMO?
2. What are the benefits of joining?
3. Would you have been able to get the same advantages by not joining? (getting the services, benefitting from the same advocacy activities, et…
4. Did your sales increased in the last three years? In the positive, why? (is it because of the better performance of the BMO management? How?)
5. Did you see any changes in the relation between the BMO management and members in the last three years? (information sharing, consultation and identification of members’ needs, transparency, etc…).
6. Is the information by the BMO of its activities locally/nationally becoming more regular in the last three years)?
7. Did you see any change in the kind and quality of services provided by the BMO ion the last three years?
8. Indicate the most important service you need? Is it provided by the BMO management?
9. Are you aware of the advocacy activities carried out by the BMO management? Any improvement in advocacy efforts in the last three years? Any achievement in terms of reforms?
10. Do you think the current mechanisms of public-private sector dialogue are fruitful for the private sector? Why? Did you see any improvement in the dialogue in the last three years?

**ANNEX 4: ONLINE QUESTIONNAIRE FOR SMEs**

**General information**

**1. Your surname, name, patronymic** (optional)

**2. Gender**

*Mark only one oval*

|  |  |
| --- | --- |
| *о* | Male |
| *о* | Female |

**3. Age of business**

Specify the number of full years of operation in figures without any comments and the word "years". If less than one year, then specify 0.5

**\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_**

**4. Which category does your business belong to? \***

Mark only one oval

|  |  |
| --- | --- |
| *о* | Large business: over 250 employees |
| *о* | Medium business: from 51 to 249 employees |
| *о* | Small business: from 11 to 50 employees |
| *о* | Micro-business: up to 10 employees |

**Gender questions**

**5. Indicate the gender profile of the enterprise** (specify one or more options)

*Choose all applicable options.*

*о* Owner of the Enterprise is a woman

*о* Manager of the Enterprise is a woman

*о* Neither option.

**6. Indicate the approximate percentage of women employed by your enterprise.** Mark only one oval.

|  |  |
| --- | --- |
| *о* | up to 25% |
| *о* | 25 – 49% |
| *о* | 50 – 74% |
| *о* | over 75% |

**Membership**

**7. The status of your relationship with the BMO**

*Please check all that apply*

|  |  |
| --- | --- |
| *о* | I am a member for more than 3 years |
| *о* | I became a member during the last 3 years |

**8. Do you plan to remain a member of the organization?**

*Mark only one oval***.**

|  |  |
| --- | --- |
| *о* | Yes |
| *о* | No opinion |
| *о* | No |

**9. If you answered “No” or “No opinion” to the previous question, please explain in one sentence, why:** **\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_**

**10. Would you advise other entrepreneurs to become members?**

*Mark only one oval.*

|  |  |
| --- | --- |
| *о* | Yes |
| *о* | No |
| *о* | Hard to answer |

**Membership fees**

**11.** **Are you paying membership fees?**

*Mark only one oval***.**

|  |  |
| --- | --- |
| *о* | I was paying membership fees 3 years ago and continue paying |
| *о* | I was paying membership fees 3 years ago, but NOT paying anymore |
| *о* | I was NOT paying membership fees 3 years ago, but paying now |
| *о* | I was NOT paying membership fees 3 years ago, and NOT paying now |

**Services**

**12. Are you aware of the services offered by your association?**

*Mark only one oval.*

|  |  |
| --- | --- |
| *о* | Yes |
| *о* | No |
| *о* | Aware of few of them only |

**13. Please answer the following questions about receiving the BMO services.**

*Please mark one oval in each row.*

*13.1.* Were you receiving services from BMO 3 years ago?

|  |  |
| --- | --- |
| *о* | Yes |
| *о* | No |

*13.2.* Are you receiving services today?

|  |  |
| --- | --- |
| *о* | Yes |
| *о* | No |

*13.3.* Are you receiving more services today comparing to 3 years ago?

|  |  |
| --- | --- |
| *о* | Yes |
| *о* | No |
| *о* | N/A, didn’t use the services 3 years ago |

**14.** **Please answer the following questions about satisfaction with the services provided by BMO.**

*Please mark one oval in each row.*

14.1. *Were you satisfied with the quality of services provided by the BMO 3 years ago?*

|  |  |
| --- | --- |
| *о* | Yes |
| *о* | No |
| *о* | N/A, didn’t use the services 3 years ago |

14.2. *Are you satisfied with the quality of services provided by the BMO today?*

|  |  |
| --- | --- |
| *о* | Yes |
| *о* | No |

14.3. Are you more satisfied today with the quality of services provided today comparing to 3 years ago?

|  |  |
| --- | --- |
| *о* | Yes |
| *о* | No |
| *о* | N/A, didn’t use the services 3 years ago |

**15. Assess the overall level of satisfaction with the services received \***

*Mark only one oval.*

|  |  |
| --- | --- |
| *о* | 5 – excellent |
| *о* | 4 – good |
| *о* | 3 – satisfactory |
| *о* | 2 – bad |
| *о* | 1 – very bad |
| *о* | 0 – hard to answer |

**16. Assess the quality of individual services \***

(1 – very bad, 2 – bad, 3 – satisfactory, 4 – good, 5 – excellent) *Mark only one oval in each row.*

|  |  |  |  |
| --- | --- | --- | --- |
|  | Organization does not provide such service | Do not use such service | 1 2 3 4 5 |
| Short-term consulting seminars | ***о*** | ***о*** | ***о о о о о*** |
| Long-term management training program | ***о*** | ***о*** | ***о о о о о*** |
| Professional training of employees | ***о*** | ***о*** | ***о о о о о*** |
| Advising on access to foreign markets | ***о*** | ***о*** | ***о о о о о*** |
| Advising on promotion of goods / services on the domestic market | ***о*** | ***о*** | ***о о о о о*** |
| Advising on business development and scaling | ***о*** | ***о*** | ***о о о о о*** |
| Market segment research on your request | ***о*** | ***о*** | ***о о о о о*** |
| Search for a business partner | ***о*** | ***о*** | ***о о о о о*** |
| Development of a wide range of business contacts (networking) | ***о*** | ***о*** | ***о о о о о*** |
| Mediation (mediation service in pre-trial conflict resolution) | ***о*** | ***о*** | ***о о о о о*** |
| Participation in exhibitions | ***о*** | ***о*** | ***о о о о о*** |
| Organization of business tours | ***о*** | ***о*** | ***о о о о о*** |
| Legal support and legal protection of your business | ***о*** | ***о*** | ***о о о о о*** |
| Outsourcing service (outsourced accounting service, etc.) | ***о*** | ***о*** | ***о о о о о*** |
| Timely information (newsletter and thematic digests) | ***о*** | ***о*** | ***о о о о о*** |
| Reference service, referral to services of other organizations / consultants | ***о*** | ***о*** | ***о о о о о*** |
| Other | ***о*** | ***о*** | ***о о о о о*** |

**17. If you specified "Other" in the previous question, please describe here:**

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

**18. What are the top three issues that affect your firm?**

**1........................**

**2........................**

**3........................**

**19. Do you have a positive perception of “BMO”’s current public stance on these issues?**

*Mark only one oval.*

|  |  |
| --- | --- |
| *о* | 5 – excellent |
| *о* | 4 – good |
| *о* | 3 – satisfactory |
| *о* | 2 – bad |
| *о* | 1 – very bad |
| *о* | 0 – hard to answer |

**20. If “BMO” has provided your firm with any direct advice or guidance (on these issues) how useful or not have you found this?**

*Mark only one oval.*

|  |  |
| --- | --- |
| *о* | 5 – very useful |
| *о* | 4 – useful |
| *о* | 3 – somewhat useful |
| *о* | 2 – not useful |
| *о* | 1. – hard to answer |
|  |  |

**21. Do you expect the BMO to provide you such guidance and advice on the issues you mentioned?**

*Mark only one oval.*

|  |  |
| --- | --- |
| *о* | Yes |
| *о* | No |
| *о* | Hard to answer |

1. **In terms of constraints that negatively impact on firms, particularly on small firms, do you see “BMO” as a strong and effective actor working to provide positive solutions?**

*Mark only one oval.*

|  |  |
| --- | --- |
| *о* | 5–strongly agree |
| *о* | 4- agree |
| *о* | 3 –Disagree |
| *о* | 2 – Strongly disagree |
| *о* | 1 – hard to answer |

**Advocacy**

1. **Through reports in newspapers, television, internet & radio, is it your impression that “BMO” is an effective organisation at the national level and/or regional in debates concerning business and the economy?**

*Mark only one oval.*

|  |  |
| --- | --- |
| *о* | 5– Strongly agree |
| *о* | 4- agree |
| *о* | 3 – Disagree |
| *о* | 2 – Strongly disagree |
| *о* | 1 – hard to answer |

1. **Are you regularly informed of what “BMO” is doing for business nationally and/or regionally?**

*Mark only one oval.*

|  |  |
| --- | --- |
| *о* | 5–Regularly informed |
| *о* | 4- somewhat informed |
| *о* | 3 – Rarely informed |
| *о* | 2 – not informed |
| *о* | 1 – hard to answer |

1. **Are you aware of any reforms proposed by the BMO and is under review today by the authorities?**

*Mark only one oval*

|  |  |
| --- | --- |
| *о* | 5–Regularly informed |
| *о* | 4- somewhat informed |
| *о* | 3 – Rarely informed |
| *о* | 2 – not informed |
| *о* | 1 – hard to answer |

**Sales**

1. In case your business is operational for more than 3 years, please indicate in percentage the growth in sales between 2015 and 2018?

*Mark only one oval*

|  |  |
| --- | --- |
| *о* | 5– more than 40% |
| *о* | 4- between 30% -39% |
| *о* | 3 – between 20% – 29% |
| *о* | 2 – between 10% – 19% |
| *о* | 1 – 1% - 10% |
| *о* | 0 – Decrease in sales |
| *о* | N/A – operational for less than 3 years |

**ANNEX 5: LIST OF PEOPLE MET**

|  |  |  |
| --- | --- | --- |
| **Name** | **Organization** | **Position** |
| Andriy Zayika | UNDP, BMO project | Project Manager |
| Yuliya Golovanova | UNDP, BMO project | Coordinator (Advocacy and PPD) |
| Iryna Gerasymenko | UNDP, BMO project | Project associate (finance, admin., communications) |
| Vladlen Sysoun | UNDP, BMO project | Coordinator (organizational development, business development services) |
| Vitaliy Kuchnyskyi | UNDP | M&E Analyst |
| Anton Tyshkovskyi | UNDP | M&E Programme Associate |
| Mustafa Sait-Ametov | UNDP | Programme Coordinator |
| Lyubomyr Chornli | UNDP Project Consultant | Public Private Dialogue, Deregulation |
| Lidiya Paschchuk | UNDP Project Consultant | Marketing, services, membership development |
| Oleksander Vinnikov | UNDP Project Consultant | Legal aspects of BMOs |
| Olena Prokopenko | UNDP Project Consultant | Advocacy, lobbying |
| Angela Bochi | UNDP Project Consultant | Policy analysis, advocacy |
| Anton Voroniuk | UNDP Project Consultant | WebPromoExpert (PR, marketing and communications specialist |
| Eduard Maltsev | Kyiv-Mohyla Business School | Associate Professor, Associate Dean, Research and Development |
| Gennadly Chyzhykov | Ukraine Chamber of Commerce and Industry | President |
| Elvira Sevostianenko | DCCI | President |
| Anton Mattiash | BCC | Official Representative of the Chairman, Kiev |
| Yuliya Zayika | LBPW | Executive Manager |
| Alex Pechalin | Stina |  |
| Vadym Shiyan | IUPFFPU | Chairman of the Board |
| Vasyliev Volodymir | UPRGTU | Chairman of the Board |
| Patis Volodymyr | UAFM | President |
| Viacheslav Pavlov | UAFM | Vice-President |
| Denis Gutenko | MEDT | Director, Department for Entrepreneurship |
| Valerly Prokopets | MEDT | Deputy Head of Department for Entrepreneurship |
| Andriy Slabinskyl | MEDT | Adviser, Reform Project Office |
| Ricardo Pinto | EU4Business Forbiz | Senior SME Policy Advisor |
| Nataliya Balandia | EU4Business Forbiz | Senior SME Policy Advisor |
| Viktor Shutkevych | Swiss Cooperation Office | Assistant Director, Sustainable Economic Development |

**ANNEX 6: LIST OF PARTICIPANTS OF 1st FOCUS GROUP (**6 June 2018)

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | **Name** | **Gender** | **City** | **Enterprise** | **Position** | **Years of operation** | **Size** | **BMO** |
| 1 | Valeriy BUSHNOV | M | Kharkiv | UCE "Bigand" | First Vice-President | > 11 | Micro | IUPFFPU, LBPW |
| 2 | Svitlana GAIDACHUK | F | Brovary | VAVILON | Co-owner | 4-10 | Small | UAFM |
| 3 | Olena GAFUROVA | F | Kyiv | UPRGTU | Member of the Board | > 11 | Small | UPRGTU |
| 4 | Dmytro DAVYDYUK | M | Kyiv | Honey way | Co-owner | 1-3 | Micro | BCC |
| 5 | Andriy KOLESNYK | M | Kyiv | TM Design" | Founder | > 11 | Small | UAFM |
| 6 | Vyacheslav PAVLOV | M | Kyiv | Art Prom.AMF | Owner | > 11 | Medium | UAFM |
| 7 | Larysa SAMOSYONOK | F | Kyiv | PE Samosyonok | Owner | 4-10 | Micro | LBPW |
| 8 | Tetiana SHASHKOVA | F | Kyiv | UPRGTU | Deputy Chairman of the Board | > 11 | Micro | UPRGTU |
| 9 | Anastasiya MALOVA-GERDT | F | Kyiv | Studyplex | CEO | 1-3 | Small | LBPW |
| 10 | Kateryna PECHERNA | F | Kyiv | Studyplex | Partner | 1-3 | Small | LBPW |

**ANNEX 7: LIST OF PARTICIPANTS OF 2nd FOCUS GROUP (**8 June 2018)

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | **Name** |  | **City** | **Enterprise** | **Position** | **Years** | **Size** | **BMO** |
| 1 | Olga NIMAHINA | F | Ukrainsk, Donetsk oblast | PE Nimahina, TM VELNA | Manager | > 11 | Micro | DCCI |
| 2 | Vitalii PIDGORNYI | M | Druzhkivka | Chaika, LLC | Shareholder | > 11 | Small | DCCI |
| 3 | Larysa APASOVA | F | Kyiv | Invest Strategies | Manager / Owner | 4-10 | Micro | LBPW |
| 4 | Nadia RODIONOVA | F | Kyiv | Living Wood Ukraine, LLC | Owner | 4-10 | Small | UAFM |
| 5 | Bogdan SHULIAR | M | Ivano-Frankivsk | Elou Lif Technologies | Director | 1-3 | Small | BCC |
| 6 | Sviatoslav GOLOVCHENKO | M | Kyiv | HTG | Director | 1-3 | Micro | BCC |
| 7 | Maksym PROKOPOV | M | Kyiv | IT Premium, LLC | Director | 4-10 | Small | BCC |
| 8 | Oksana KLEBAN | F | Vygoda | “Darvaiv Kut” private mansion | Owner | 4-10 | Micro | UPRGTU |
| 9 | Oksana DONSKA | F | Kyiv | MebelOK, LLC | Co-owner | 4-10 | Small | UAFM |
| 10 | Olga HALAK | F | Kyiv | Internet Shop | Owner | 1-3 | Micro | BCC |
| 11 | Viacheslav FEDORCHUK | M | Kyiv | Ukrspetsiya | Director | > 11 | Small | BCC |
| 12 | Olena SURZHYKOVA | F | Kyiv | Apelsyn, TOV | Deputy Director | > 11 | Small | BCC |
| 13 | Yurii ZINKO | M | Lviv | Lviv Tourist Center |  | > 11 | Micro | UPRGTU |

**ANNEX 8: LIST OF DOCUMENTS CONSULTED**

UNDP, Project Document, Strengthening SME Business Membership Organizations

UNDP, Country Programme Document for Ukraine 2018- 2022

UNDP, Project status in log frame, February and June 2018

UNDP, Project Progress Report (April 2015 – October 2017), Strengthening SME Business Membership Organizations

UNDP, Project progress report (April– December 2015), Strengthening SME Business Membership Organizations

UNDP, Project Implementation plans, 2015, 2016

UNDP, Annual work plans, 2017, 2018

UNDP, Financial Report BMO, 30 April 2018

UNDP, Summary, Survey of the demand of micro-, small and medium enterprises for business development services (BDS), May 2017

UNDP, BMO selection methodology, Concept note

UNDP, TOR Project Board, December 2015

UNDP, Minutes of Meetings of Project Board, December 2015, February 2017 and November 2017

UNDP, Women and Men in Leadership Positions in Ukraine, September 2017

Anthony Costanzo, Mid Term Evaluation, Strengthening SME Business Membership Organizations, January 2017

SECO-UNDP Cost Sharing Agreement, March 2015

Swiss Agency for Development and Cooperation (SDC), the State Secretariat for Economic Affairs (SECO) and the Directorate of Political Affairs (DP), **Swiss Cooperation Strategy for Ukraine 2015 – 2018**

EU4Business, Country Report, Ukraine, May 2017

World Bank, Doing Business report 2013, 2015, 2018

MEDT, SME Strategy 2020

The Ukrainian Chamber of Commerce and Industry, Strategy of development of the CCI system in Ukraine 2020

Stephan Schmitt-Degenhardt / Katerina Rybalchenko, Draft concept note, Strengthening Ukraine’s Business Support Structure, June 2011

**ANNEX 9: TERMS OF REFERENCE OF THE EVALUATION**

1. **PROJECT BACKGROUND AND OVERVIEW**

**1.1 Project factsheet**

|  |  |
| --- | --- |
| **Project name** | Strengthening SME Business Membership Organizations |
| **Project ID** | 00094897 |
| **Post title** | Consultant to conduct Final Evaluation |
| **Country / Duty Station** | Home-based with 1 mission to Kyiv, UA (approximately 12 days) |
| **Expected places of travel** | 1 roundtrip travel to Kyiv, UA (possible other 1-2 cities) |
| **Duration of Initial Contract** | 25 May-30 June 2018 |
| **Assignment Quality Assurer** | Vitaliy Kuchynsky, UNDP M&E Analyst |
| **Assignment Coordinator** | Andriy Zayika, Project Manager |
| **Expected Duration of Assignment** | 20 days within the timeframe 25 May- 30 June 2018 |
| **Payment arrangements** | Lump Sum (payments are linked to deliverables) |
| **Administrative arrangements** | All working arrangements to be provided by the Consultant. The Consultant will receive all required information from UNDP, including projects documents (electronical or paper format), analytical papers and other relevant documents |
| **Selection method** | Technically compliant offer and lowest price |

* 1. **Project background and context**

Ukraine is a country with a very challenging business environment, especially for Small and Medium Enterprises (SMEs). There are excessive regulations and inconsistencies in the norms and requirements governing the SMEs. Ukraine has also a negative track record in permits, giving and licensing processes that are overall non- transparent and prone to corruption practices.

SMEs request for a simplification of business regulations and, in general, a better business climate is not supported, partially due to weak institutional capacity structures, such as Business Membership Organizations (BMOs). Therefore, UNDP has been implementing the project [“Strengthening SME Business Membership Organizations”](http://www.ua.undp.org/content/ukraine/en/home/operations/projects/democratic_governance/strengthening-sme-business-organizations.html) in 2015-2018, with the financial support from the State Secretariat for Economic Affairs of Switzerland (SECO).

The project aims at accelerating the development of the SMEs sector in Ukraine by strengthening the capacities of BMOs to reinforce a much-needed dialogue between the private and public sectors. In order for BMOs to be a strong and reputable representative of the private sector to the public sector, they must be able to advocate member interests and concerns; be strong organizations with proper governance structures; and be able to respond to member needs by delivering high quality and affordable services and information.

The project has been delivering tailored capacity development programme to selected SME BMOs in Ukraine aiming to help improve their institutional/organizational/financial capacities to represent interests of the private sector and facilitate a more active, responsive, professional and policy-oriented dialogue between public and private sectors.

The aim of the project is to have a positive impact on the ability of BMOs to attract members, promote constructive cooperation with governmental structures and to contribute to policy development leading to SMEs sector growth. Increased membership of BMOs coupled with higher institutional effectiveness, resulting from the support received from the project will contribute to the financial sustainability of BMOs and spur mobilization of the entrepreneurs, therefore, strengthening the ‘collective voice’ of business.

The project has been implemented through four interconnected components dealing with BMOs’ organizational capacity and governance, improvement and expansion of services provision, advocacy and promoting effective cooperation with the government at all levels.

Following the selection process, the project has worked to develop the capacity of seven BMOs with different profiles and geographic coverage. The group includes one regional chamber of commerce, three industry associations and three regional universal BMOs. All BMOs are established organizations that have been on the market for a considerable period of time and have accumulated valuable experience, but have faced a variety of challenges and barriers to growth and operation.

In 2017, the project underwent a midterm evaluation in which demonstrated that the project was on track though indicating that some adjustments were necessary. The evaluation report can be found online at UNDP´s Evaluation Resource Centre ([see the link to ERC](https://erc.undp.org/evaluation/evaluations/detail/8571)).

UNDP seeks to conduct a forward-looking final project evaluation. The nature of the final evaluation is largely a management tool to provide project team and stakeholders with an account of projects results assessed against the initial plans, project document and cost-sharing agreement, provide recommendations and guide the development of the follow-up phase of UNDP’s intervention.

1. **SCOPE AND OBJECTIVE OF THE ASSIGNMENT**

The main objective of the assignment is to conduct the forward-looking Final Evaluation of the Project “Strengthening SME Business Membership Organizations”. The purpose of the evaluation is two-fold: a) to analyse the implementation of the project in 2015-2018 and draw the lessons learned; and b) to provide recommendations and inform the development of the project’s follow-up phase.

The key product expected is a comprehensive evaluation report (up to 30 pages without annexes, single spacing, Myriad Pro font, size 11), which includes, but is not limited to, the following components:

* Executive summary (up to 3 pages)
* Introduction
* Evaluation scope and objectives
* Evaluation approach and methods[[20]](#footnote-20)
* Development context and project background
* Data analysis and key findings and conclusions
* Lessons learned and recommendations for future intervention (including viable ideas on work directions which could be sharpened and further enhanced in the next SME BMO project phase)
* Annexes: TOR, list of people interviewed, interview questions, documents reviewed etc.

This forward-looking evaluation will assess project performance against the review criteria: **relevance, effectiveness, efficiency, sustainability and impact**. More specifically, it will cover, but not be limited to, the following areas and preliminary questions:

1. **RELEVANCE**

The report will examine the extent to which the project is relevant to the:

* Country context: How relevant was the project to the interventions target groups, including Government’s needs and priorities? To what extent was the project aligned with the policies and strategies of the Government, SDGs as well as UNDP/UNDAF country programme strategy?
* Target groups: To what extent was the project relevant to address the needs of vulnerable groups and gender issues in entrepreneurship development (both at project and stakeholder’s level)? To what extent did the initial theory of change for the project take those groups into consideration?
* Does the project remain relevant taking into account the changing environment while taking into consideration the risks/challenges mitigation strategy? Was there a need to reformulate the project design and the project results framework given changes in the country and operational context.
* What can be done additionally to better capture the needs of vulnerable groups and gender issues?
* What measures can be taken to improve the relevance of the project?

1. **EFFECTIVENESS**

* Assess the overall performance of the project with reference to its respective project document/cost-sharing agreement, strategy, objectives and indicators, and identify key issues and constraints that affected the achievement of project objectives. Were the planned objectives and outcomes achieved in the framework of the key project components?
* What are the results achieved beyond the logical framework? What were the supporting factors? What are the main lessons learned from the partnership strategies and what are the possibilities of replication and scaling-up? How can the Project build on or expand the achievements?
* How have stakeholders been involved in project implementation? How effective has the project been in establishing ownership?
* What measures can be taken to improve the effectiveness of the project?
* What can additionally be done to better capture the needs of vulnerable groups and gender issues?
* Assess the project effectiveness at **stakeholders’ level**. Review the BMO final organizational capacity assessment of all seven partner BMOs, provided by UNDP, and assess the progress they have achieved with the project’s support in terms of organizational growth, provision of Business Development Services, advocacy and contribution to the public-private dialogue.

1. **EFFICIENCY**

The extent that to which:

* The project cost was effective? Was the project using the least cost options? Have resources (funds, human resources, time, expertise, etc.) been allocated strategically to achieve the relevant outputs and outcomes?
* Has the project produced results (outputs and outcomes) within the expected time frame? Was project implementation delayed, and, if it was, did that affect cost effectiveness or results?
* Are the project’s activities in line with the schedule of activities as defined by the project team and annual work plans? Are the disbursements and project expenditures in line with budgets?
* Was the project management, coordination and monitoring efficient and appropriate?
* Assess the criteria and governance aspects related to the selection of beneficiaries and partners institutions, including BMOs.
* What can additionally be done to improve the efficiency of the project?

1. **SUSTAINABILITY**

Sustainability is understood as the likelihood of continued benefits after the SME BMO project ends. Assessment of the sustainability of project results will be given special attention.

* To what extent are project results (impact, if any, and outcomes) likely to contribute after the project ends? Define the areas that produced the most sustainable results, and the most promising areas requiring further support and scaling-up in the course of future interventions.
* Is there sufficient public/stakeholder awareness in support of the project’s long-term objectives?
* Is the BMOs’ activity likely to continue, be scaled up, replicated and increasingly contribute to the entrepreneurship development after the project? Define which of the platforms, networks, relationships development in the framework of the Project that have the highest potential for further scaling up and/or replication.
* Are there any social or political risks that may jeopardize sustainability of project results?
* Do the legal frameworks, policies, and governance structures and processes within which the project operates pose risks that may jeopardize sustainability of project benefits?
* To what extent were capacity building initiatives for partner organizations adequate to ensure sustainability? What can additionally be done to improve the sustainability of the project?
* Identifying possible priority areas of engagement, offer recommendations for the next phase of the SME BMO Project.

1. **IMPACT**

* Has the project contributed or is likely to contribute to long-term social, economic, technical changes for individuals, SME community and institutions related to the project?
* What difference has the project made to the beneficiaries?

The final list of evaluation questions and tools to be proposed by the evaluator and agreed with UNDP.

1. **EVALUATION APPROACH AND METHODOLOGY**

**3.1. Methodology**

The scope of the final evaluation will cover all activities undertaken in the framework of the SME BMO Project. Given the forward-looking nature of the evaluation, the Evaluator will: a) compare planned outputs of the project to actual outputs and assess the actual results to determine their contribution to the attainment of the project’s objectives, as well as b) provide clear recommendations for the follow-up phase of the project, based on identified lessons learned in key areas of project implementation These findings will serve to inform the development of the follow-up phase of the project.

The evaluator will be required to use different methods to ensure that data gathering and analysis deliver evidence-based qualitative and quantitative information, based on diverse sources: desk studies and literature review, statistical analysis, individual interviews, focus group meetings, surveys and direct observation. This approach will not only enable the final evaluation to assess causality through quantitative means but also to provide reasons for why certain results were achieved or not and to triangulate information for higher reliability of findings. The concrete mixed methodological approach will be detailed in the inception report and stated in the final report. All data provided in the report should be disaggregated by gender and vulnerability.

The evaluator is expected to follow a participatory and consultative approach ensuring close engagement with BMOs, government counterparts, international partner organisations, Swiss Cooperation Office in Ukraine, UNDP Country Office (CO) and project team at all stages of the evaluation planning and implementation. The evaluation will assess the extent to which the project was successfully mainstreamed with UNDP strategic priorities, including eradicating poverty, accelerating structural transformations for sustainable development a building resilience to crises and shocks.

The evaluation of project performance will be carried out against the expectations set out in the Project Logical Framework/Results Framework, which provides performance and impact indicators for project implementation along with their corresponding means of verification. All indicators in the Logical Framework need to be assessed individually, with final achievements noted. An assessment of the project M&E design, implementation and overall quality should be undertaken. The evaluation will assess the key financial aspects of the project, including project budget revisions. Project cost and funding data will be required from the project, including annual expenditures. Variances between planned and actual expenditures will need to be assessed and explained.

The conclusions related to the implementation of the project in 2015-2018 should be comprehensive and balanced, and highlight the strengths, weaknesses, challenges and outcomes of the project. They should be well substantiated by the evidence and logically linked to the terminal evaluation findings. They should respond to key evaluation questions and provide insights into the identification of and/or solutions to important problems or issues pertinent to project beneficiaries, UNDP and SECO.

The recommendations for the follow-up phase of the project should identify how best practices and achievements of the project can be scaled up or proliferated to increase the positive impact of the intervention on private sector development in Ukraine, as well as adapt/strengthen the theory of change of the project, based on interviews with project partners and beneficiaries and desk analysis *(please see below).* The recommendations need to be supported by an evidential basis, be credible, practical, action-oriented, and define who is responsible for the action - to have potential to be used in decision-making.

The evaluator should provide a proposed design, methodology of evaluation (methods, approaches to be used, evaluation criterion for assessment of each component to be proposed), detailed work plan and report structure to UNDP prior to the start of fieldwork; these documents and the list of businesses and other stakeholders to visit should be agreed with UNDP. While proposing the methodology, the Consultant should be guided by UNDP approach to project evaluations[[21]](#footnote-21).

The evaluator is expected to develop and present detailed statement of evaluations methods/approaches in the inception report to show how each objective and evaluation criterion will be assessed.

The methodology will be based on the following:

1. Desk review of the documents listed below ( but not limited to):
2. The original project documents, monitoring reports, action plans, M&E frameworks, mid-term evaluation, and financial documents (such as the cost-sharing agreement with SECO);
3. Notes from meetings involved in the project (such as board meeting minutes);
4. Other project-related material produced by the project (such as datasets, publications, audio-visual materials and consultancies reports).
5. Interviews with the relevant UNDP Country Office and the project’s management and staff, Swiss Cooperation Office and the various national and sub-regional authorities dealing with project activities as necessary, to provide in-depth briefing on the project, its results, context of partnerships with different stakeholders etc. as well as vision for future.
6. Interviews and focus groups discussions with project partners and beneficiaries. Partners and beneficiaries can be divided into three distinct groups:
   1. Business Membership Organizations and other representatives of private sector;
   2. Government institutions (including but not limited to the Ministry of Economic Development and Trade; oblast state administrations, other);
   3. International development actors active in the field of intervention (EU, CIPE, USAID, EBRD etc).

Debriefing session will be arranged for discussing the evaluation findings, results and recommendations.

**3.2 Deliverables**

The Consultant should provide the following deliverables:

|  |  |  |
| --- | --- | --- |
| **Deliverable #** | **Task description** | **Days and timing** |
| Deliverable #1 | Conduct desk research of SME BMO core documentation (cost-sharing agreements, project documents, annual work plans and progress reports 2015-2018, project implementation plans, board meeting minutes, mid-term evaluation report with annexes etc.). The set of documents to be reviewed will be prepared by UNDP.  Develop an evaluation methodology and strategy to collect the required data, plans and forms for the interview with partners and counterparts.  **Output**: The inception report (with detailed description of the methodology and evaluation matrix) is produced; annotated structure of the report is developed; a toolkit for gathering data (questionnaire and interview plans, a questionnaire for a beneficiary satisfaction survey) is designed. All documents are submitted to UNDP for final approval. | 4 days, by 30 May |
| Deliverable #2 | Conduct necessary consultations and interviews with the project staff and project partners. Examine how stakeholders assess the project and what their concerns and suggestions are. Clarify issues that emerge from the preliminary analysis of the project and require hard and soft data to substantiate their reasoning. Discuss the existing needs in the field of the private sector development and how the follow-up phase of the project should address them. Collect and analyse feedback from the partners.  **Initial findings discussed in a wrap-up session with Project team and UNDP CO** *(can be done on-line via Skype conference)***.** | 6 days, by 12 June |
| Deliverable #3 | Produce a draft report of the evaluation covering all items detailed in the paragraph #2 of the present TOR with definition of the lessons learned and recommendations for the follow-up phase of the project.  **Output**: draft of the report produced and submitted for UNDP comments (*UNDP review will take up to 10 days*). | 5 days, by 17 June |
| Deliverable #4 | Collect, review and incorporate comments from UNDP into the final version of the evaluation report.  **Output**: Final evaluation report containing all required annexes indicated in the paragraph #3 of the present TOR, submitted to UNDP, SECO/SCO for final review and approval. | 4 days, by 30 June |
| Deliverable #5 | Prepare a detailed PowerPoint presentation of the evaluation study (in English) and present the results during the meeting between UNDP, SECO/Swiss Cooperation Office in Kyiv, Ukraine *(can be arrange also distantly via Skype depending on meeting arrangements. If travel occurs, UNDP will cover all related travel expenses)*.  Consultations regarding UNDP expectations from the presentation will be held with the Contractor prior to the event.  **Output:** PowerPoint presentation prepared and delivered during the joint meeting of interested parties (to cover major findings and lessons learned from the evaluation as defined in section 3 of this TOR with diagrams/pictures, where applicable). | 1 day, by 30 June |

The detailed structure of the final report should be agreed with UNDP and reflect all key aspects in focus.

Payment will be based upon satisfactory completion of deliverables. 100% of the total amount shall be paid upon completion of the Deliverables 1-5.

1. **MONITORING/REPORTING requirements**

The consultant will interact with UNDP project and CO staff to receive any clarifications and guidance that may be needed. He/she will also receive all necessary informational and logistical support from UNDP CO and the Project. On a day-to-day basis, consultant’s work will be coordinated with UNDP Project Manager. The satisfactory completion of each of the deliverables shall be subject to endorsement of the UNDP CO M&E Analyst.

The consultant will inform UNDP of any problems, issues or delays arising during the implementation of the assignment and take necessary steps to address them.

The key product expected is a comprehensive evaluation report (*with parameters indicated above in section 2)*

The report must be as free as possible of technical jargon in order to ensure accessibility to its wide and diverse audience. The Report should be prepared in English.

All reports and results are to be submitted to the UNDP in electronic form (\*.docx, \*.xlsx, \*.pptx, and \*.pdf or other formats accepted by UNDP).

1. **EXPERIENCE AND QUALIFICATIONS REQUIREMENTS**

* *Education:* Advanced University degree (Master’s or PhD) in Economics, Management, Mathematics, Social Sciences, Public Administration, Business Administration or other relevant area;
* *Relevant professional experience:* At least 5 years of work experience in the area of economic development, poverty reduction, private sector development, SME and/or business support of business membership organizations development including participatory planning, monitoring and evaluation. Working experience in Eastern Europe region and CIS will be an asset;
* *Experience in evaluation:*At least, 3 accomplished complex evaluations projects where the candidate was the author or co-author especially in economic development, private sector development fields, understanding of gender aspects (reference to or copies of previously developed knowledge materials including analytical reports, research papers, case studies materials, etc. to be provided);
* *Proven knowledge of monitoring and evaluation methodologies*, summary of a proposed evaluation methodology is to be provided (up to 2 pages);
* *Languages proficiency*: Excellent English writing and communication skills; knowledge of Ukrainian and/or Russian will be an asset.

1. **FINANCIAL PROPOSAL**

Lump sum contract

The financial proposal shall specify a total lump sum amount, and payment terms around specific and measurable (qualitative and quantitative) deliverables (i.e. whether payments fall in instalments or upon completion of the entire contract). Payments are based upon output, i.e. upon delivery of the services specified in the TOR. In order to assist the requesting unit in the comparison of financial proposals, the financial proposal will include a breakdown of this lump sum amount (including travel, per diems, and number of anticipated working days).

**Travel costs.** Logistics arrangements for any travel or events in Ukraine involving the Consultant will be provided by UNDP. Air tickets to join duty station/repatriation travel Duty Station will be provided by UNDP. In general, UNDP should not accept travel costs exceeding those of an economy class ticket. Should the Consultant wish to travel on a higher class he/she should do so using their own resources. All other envisaged travel costs must be covered by the Consultant and included in the financial proposal. The official UNDP DSA rate for Kiev is currently $205 per day. The means of reimbursement will be via signed F10 form and payment/reimbursement into the nominated bank account of the consultant.

The Basic Security in the Field II and Advanced Security in the Field courses must be successfully completed prior to commencement of travel. Individual Consultant is responsible for ensuring he/she has vaccinations/inoculations when travelling to certain countries, as designated by the UN Medical Director. Consultant is required to comply with the UN security directives set forth under <https://dss.un.org/dssweb/>

In the case of unforeseeable travel, payment of travel costs including tickets, lodging and terminal expenses should be agreed upon, between the respective business unit and Individual Consultant, prior to travel and will be reimbursed.

1. EU4Business, Country Report, Ukraine, May 2017 [↑](#footnote-ref-1)
2. World Bank, Doing Business report 2013, 2015 and 2018 [↑](#footnote-ref-2)
3. EU4Business, Country Report, Ukraine, May 2017 [↑](#footnote-ref-3)
4. MEDT, SME Strategy 2020 [↑](#footnote-ref-4)
5. UNDP, Country Programme Document for Ukraine 2018- 2022 [↑](#footnote-ref-5)
6. UNDP, Project status in LogFrame, June 2018 [↑](#footnote-ref-6)
7. UNDP, Project status in LogFrame, February 2018 [↑](#footnote-ref-7)
8. Ibid. [↑](#footnote-ref-8)
9. Ibid. [↑](#footnote-ref-9)
10. UNDP, Project status in LogFrame, February 2018 [↑](#footnote-ref-10)
11. Ibid… [↑](#footnote-ref-11)
12. UNDP, Project progress report (April– December 2015), Strengthening SME Business Membership Organizations [↑](#footnote-ref-12)
13. UNDP, Project status in LogFrame, February 2018 [↑](#footnote-ref-13)
14. UNDP, Project status in LogFrame, June 2018 [↑](#footnote-ref-14)
15. Focus group with BMOs members [↑](#footnote-ref-15)
16. UNDP, Project status in LogFrame, February 2018 [↑](#footnote-ref-16)
17. UNDP, Project progress report (April– December 2015), Strengthening SME Business Membership Organizations [↑](#footnote-ref-17)
18. http://www.eu4business.eu/programme/eu4business-network-business-support-centres-ukraine [↑](#footnote-ref-18)
19. Interview with the Ukraine Chamber of Commerce and Industry [↑](#footnote-ref-19)
20. [↑](#footnote-ref-20)
21. http://web.undp.org/evaluation/handbook/documents/english/pme-handbook.pdf [↑](#footnote-ref-21)