



CBI Strategy

2021-2025





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About CBI

The Centre for the Promotion of Imports from developing countries (CBI) is a department of the Netherlands Enterprise Agency and is funded by the Dutch Ministry of Foreign Affairs (DGIS: *Directoraat-generaal Internationale Samenwerking*). We were established by the Ministry in 1971 with the aim of supporting SMEs in developing countries in their export development to the European market (see our history).

On average, we have 40 projects in implementation at any time, generally taking four to six years to create a long-term impact. On average, we support some 600 SMEs every year with these projects, working with an extensive and varied group of local export-enabling environment stakeholders (e.g. sector associations, export promotion organisations, ministries of trade, agriculture and tourism, as well as private support service suppliers). The focal points of our interventions are related to export marketing, capacity building, matchmaking, market information, certification, product development, branding and corporate social responsibility (CSR).

We have a large international network in 75 developing countries, spread across Africa, Asia and Latin America. At the moment we are primarily focused on the MENA, West Africa, Sahel and East Africa regions. We are active in over 10 European sectors (agricultural, consumer and service sectors). We are based in the city of The Hague, the Netherlands, with a local staff of 60 employees and a network of over 250 international experts.

Introduction



Introduction

The Centre for the Promotion of Imports from developing countries (CBI) was founded in 1971, with the goal of increasing prosperity in developing countries by assisting local small and medium-sized enterprises (SMEs) in gaining a foothold on the Western European market. As an important organisation in implementing Dutch foreign trade and development cooperation policy, by now the CBI has operated in over 70 developing countries, working with over 10,000 local SME exporters and 250 business support organisations. We have provided guidance, export coaching and training, and market information, and have connected exporters and importers. Our extensive experience, hands-on approach, global network, market intelligence, long-term commitment and long-term perspective set us apart.

Over the last few years, we have seen significant changes in the world of trade. There is a widely shared concern about the economic, social and environmental trade-offs with regard to trade and consumption. The world of trade is becoming more uncertain, for example due to growing protectionism and the impact of the COVID-19 pandemic. Markets are shifting, with new global players and regional markets gaining importance. Rapid digitisation is transforming trade in unpredictable ways. Partly due to these developments, the world of development cooperation is changing as well. Faced with major challenges such as poverty, climate change, political instability, inequality, youth unemployment, migration, terrorism and a pandemic, efforts are being ramped up to achieve the Sustainable Development Goals (SDGs) by 2030.

Stimulating trade as a means for sustainable economic development remains very relevant within the context of these trends. Even more so now that there is a strong need for supporting a sustainable and resilient economic recovery of the COVID-19 pandemic ('building back better'). However, programmes involving trade will need to adapt. This strategy for 2021-2025 details how we will do so, while at the same time retaining those things that make us unique (see below). We have reformulated our mission: moving from contributing to export growth for the purpose of economic growth towards using the trade in niche and/or value-added products and services to support the transition towards inclusive and sustainable economies. SDG's 8, 12, 5 and 17 form the basis of this mission. We have adapted our Theory of Change, based on our new mission, and have formulated new indicators and a new ambition.

We believe we need a new approach to support the transition towards inclusive and sustainable economies. This approach – a systems approach – will have an impact on several aspects of our work. It entails such matters as identifying and tackling underlying causes of problems, and for that purpose also increasingly cooperating

with other programmes and organisations. Such cooperation would be in broader and preferably jointly identified and developed projects in which we will focus on our niche: using exports by local SMEs as a means to contribute to local economic, social and environmental change. A systems approach also entails working from the perspective of a locally shared vision, taking any trade-offs of our projects into account and looking for solutions within the system itself (rather than via an interventionist approach). Within the context of the trends we have identified, we will seek to shorten project development time and will make projects more flexible and iterative. We will also be broadening our scope from Europe to include regional markets (building on the experience we have gained over the last few years) and cooperating with regional programmes.

This strategy is based on interviews, workshops, analyses, existing and commissioned reports, and insights gained from partners, external experts and Netherlands Enterprise Agency colleagues. We wish to thank everyone who has contributed.

This document

The first chapter of this plan describes the major trends that will be impacting our work in the years to come. In Chapter 2 we have formulated our new mission, based on the developments we have identified. Chapter 3 details our Theory of Change, with *Annex 2* containing the narrative of our Theory of Change. In Chapter 4 we describe our approach, while in Chapter 5 we discuss our focus countries and in Chapter 6 our focus markets and sectors. Chapter 7 discusses innovations in our project setup, while Chapter 8 details our plans related to our internal organisation and operations. This plan includes budget developments, set out in Chapter 9, while a final chapter, Chapter 10, describes monitoring and evaluation, with the related Key Performance Indicators (KPIs) and ambitions set out in *annexes 4a and 4b*.

Annex 3 contains definitions of terms used. Our KPIs are described in *Annex 4a*, and our ambitions in terms of process and results in *Annex 4b*. *Annex 5* sets out the milestones for implementation. For an overview of the main changes in 2016-2020 and 2021-2025, please refer to *Annex 9*.

1. Trends

We have identified six major trends that impact our work and which we have taken into account in developing our strategy for 2021-2025. These trends are situated at the intersection between trade and development cooperation. They are:



**Social and environmental impact
of trade and consumption**



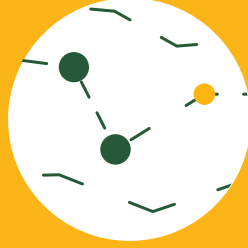
**Uncertainty in
the world of trade**



Markets are shifting



**Trade in services
is growing**



**Digital
transformation**



**Quicker progress
towards SDG's**

1. Trends



Increasing attention for the social and environmental impact of trade and consumption

European consumers are showing an increasing interest in sustainable and organic products, produced under decent working and living conditions, with more transparency throughout the supply chains. Over 90% of retailers in five major European economies are expecting sustainable product sales to increase over the next five years (ITC, 2019). During the past decade, the amount spent by Europeans on organic food has doubled, from 34 euros in 2009 to 67 euros per capita in 2017. Between 2008 and 2017, organic retail sales in the EU grew by 89.5% to nearly 34.3 billion euros (FiBL, 2019).

European consumers also increasingly prefer locally produced products, because it decreases the environmental footprint related to transport and supports their own communities. The COVID-19 crisis could strengthen this trend, as it has created more awareness among consumers of the importance of supporting local businesses.

New business models are gaining popularity, such as circular or sharing businesses. Instead of focusing solely on creating economic value, these new business models also include social and environmental values. In the coffee and apparel sectors, circularity is becoming increasingly popular. For example, the Dutch Circular Textile Valley aims to accelerate the transition to fully circular textile and fashion value chains. Companies in target countries are also experimenting with such business models, often in cooperation with other actors and stakeholders in the value chain.

European legislation and private standards are becoming stricter, in particular with regard to the social and environmental impact of products. Meeting these requirements is especially a challenge for SMEs in developing countries.

Policymakers are developing ambitious plans concerning sustainable production and trade. In 2015, the European Union (EU) adopted the EU Circular Economy Action Plan, which sets it on the path towards a circular economy. The European Green Deal aims to ensure zero net emissions of greenhouse gases in the EU by 2050. This will have strong consequences for world trade. The aim is for CO₂-intensive products to become more expensive.

The carbon border tax currently under debate could make it significantly more difficult and expensive for companies to export to the EU. For exporters in developing countries this could be an incentive to move up to a more value-added product. However, obtaining financing to invest in this still remains an obstacle.

Market share organic food Europe

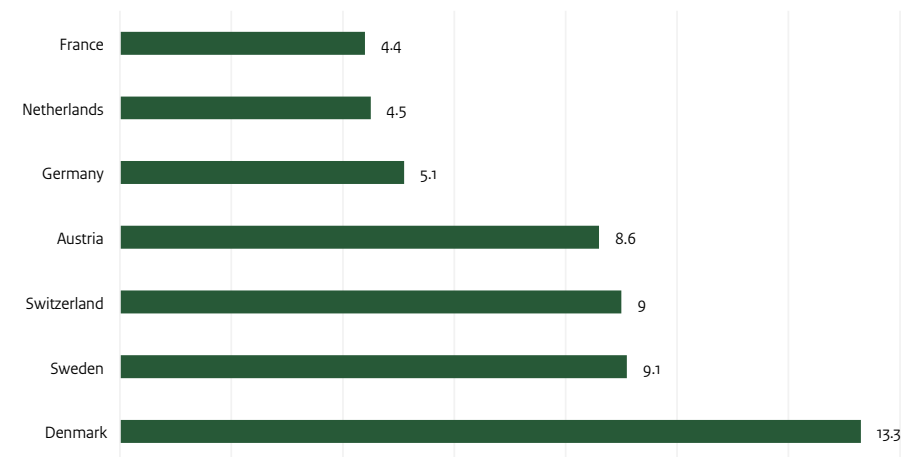


Figure 1: Market share organic food Europe



1. Trends / Increasing attention for the social and environmental impact of trade and consumption

For us this entails:

- SMEs in developing countries interested in the economic opportunities that Europe has to offer must prepare for increasingly strict social and environmental requirements, with early movers possibly gaining an advantage.
- In light of the changing views on economic growth, growth in prosperity and export growth, we will be **shifting towards facilitating export as a means of supporting sustainability transitions in developing countries**. This entails reformulating our mission, as well as our Theory of Change, Key Performance Indicators (KPIs) and targets, while it also means we will have to adapt our approach.
- Among other things, this means taking a **critical look at our selection of niche and/or value-added products and sectors based** on the extent to which they offer opportunities for positive change and contribute to sustainability transitions in our target countries, as well as increasingly including interventions related to social and environmental aspects of trade in all our projects.
- If we want to support sustainability transitions, we will have to identify and take into account any negative social and environmental trade-offs of exports resulting from our projects (see more below in the section on taking a systems approach).

1. Trends



Uncertainty in the world of trade

There is uncertainty in the system of global free trade. The system has become increasingly complex, which has made it more vulnerable. Events within one country can have significant effects elsewhere in the world. There is increasing recognition of the multiple dependencies between countries.

There is also a backlash against globalisation (both economically and culturally), resulting in countries retreating behind their borders, increasing protectionism and trade disputes. Trade tensions, trade wars and **protectionism** have a significant effect on trade flows.

The COVID-19 pandemic has revealed **vulnerabilities** in our global economic system. Some argue that a trend towards shorter supply chains and reshoring with better risk management and less efficiency will continue, but this is still uncertain.

For us this entails:

- Countries, sectors and businesses **increasingly need to diversify**, using multi-market and/or multi-product approaches to avoid exclusive dependency. This could lead to our projects needing to target multiple markets (possibly in cooperation with other programmes).
- Projects focused on export will have to increasingly focus on helping countries, sectors and companies to become more resilient. An evaluation of our programme indicated that we could support companies on exporting to non-EU countries, as part of a more resilient business strategy (Wageningen Economic Research, 2018). This approach would fit the trend towards more regionalisation of trade (see below).
- Moreover, projects themselves will need to be able to **adapt to changes in trade flows**.



1. Trends



Markets are shifting

The **importance of the European market for developing countries is changing**. For example, the share of African exports to the EU decreased from 50% in 2001 to 32% in 2017. At the same time, requirements are becoming increasingly stringent within the EU. This will have consequences for the buyer power of Europe. In the longer term, Europe may no longer be the obvious target market for suppliers in developing countries, especially with other markets offering many opportunities (see below). Nevertheless, as one of the largest markets for many high-quality products and services (also niche and/or value-added products), and with wealthy consumers, Europe will remain an interesting export destination.

Non-Western markets are on the rise. China is expected to be the largest economy in the world by 2030, when it will have reached the consumption level of Europe. Other markets such as India also show significant growth.

Regional trade is becoming increasingly important. Growth in trade through global value chains (GVCs) has stalled –also referred to as ‘slowbalisation’. COVID-19 is expected to lead to further regionalisation of supply chains (EIU, 2020). In regional trade in Asia, emerging economies are playing a significant role. China, for example, is responsible for 15% of all exports in Southeast Asia. This percentage is expected to rise quickly between now and 2030.

The value of merchandise trade between African countries has grown rapidly over the past two decades (from US\$ 13,6 billion in 2001 to US\$ 74 billion in 2018). The share of intra-African exports in total African exports has also increased over this period. This is partly due to strong economic growth in some African countries. The establishment of the African Continental Free Trade Area (AfCFTA) is expected to lead to **further growth in trade within Africa** (ECDPM, 2020). The UN Economic Commission for Africa (UNECA) estimates that intra-African trade could increase by 52% by 2022, compared to 2010. For developing countries, regional markets offer **opportunities for local value addition, growth in employment for youth and women, and economic diversification** (ECDPM, 2020).

Service sector, global compound average export growth rate
2007 - 2017

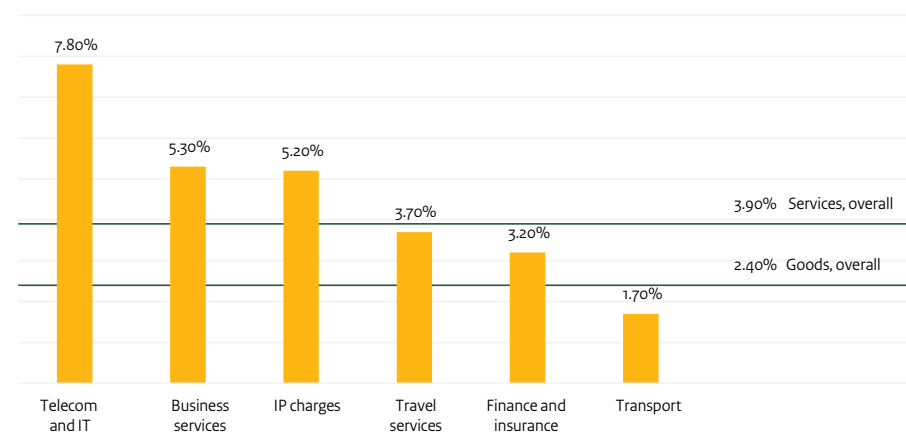


Figure 2: Service sector, global compound average export growth rate 2007-2017



1. Trends / Markets are shifting

For us this entails:

- Europe will remain an important market for us to target in our projects. Exports of products and services with high social and environmental standards, which are in demand in Europe, can result in positive economic, social and environmental change in our target countries (e.g. growth in income, increase in decent jobs, employment of women and youth, reducing the environmental impact of trade). We will have to focus on niche and/or value-added markets (e.g. in the mid-high, high and/or premium segments, certified products, locally processed).
- At the same time, regional trade offers interesting long-term opportunities for growth in trade, as well as for diversification and local economic development (see below for more information on how we can use regional markets e.g. for economic development and for supporting jobs for women and youth). We will need to further build on the experience we have gained during the last period with exports to regional markets (e.g. in our projects in the MENA region).

1. Trends



Trade in services is growing

Trade in services is on the rise. Over the last decade, **services trade has grown more than 60% faster than trade in goods**. The intensity of trade in goods is expected to decline towards 2030, while the intensity of trade in services is expected to grow (McKinsey, 2019).

The services sector will become increasingly important for developing countries. Services are already estimated to contribute to 55% of Africa's gross domestic product (GDP). New digital technology, demographic change and rising income will lead to more service exports. For developing countries, this trend also offers opportunities and can even lead to an upgrading of regional trade. Services account for 42% of Africa's employment (UNCTAD, 2018). There are **opportunities for an increase in employment**, as well as opportunities for the inclusion of women and youth in developing countries. This includes opportunities in the tourism sector.

Least developed countries (LDCs) accounted for only 0.3% of world services exports and 0.7% of global services imports in 2017. However, the WTO's World Trade Report 2019 indicates that, in general, developing countries services trade has grown by more than 10% since 2015 and amounted to 25% of world services exports and 34.4% of global services imports in 2017 (Chaitoo, 2020).

Services are important as inputs for value-added exports. Increasing attention for services can boost export growth and strengthen competitive positions in trade in goods (see: ECDPM, 2020; Chaitoo, 2020). In the context of digitisation, more value is expected to be created in the pre-production and post-production stage, rather than in production itself (UNCTAD, 2019).

There are signs that the economies of developing countries do not follow a traditional development path. Success in manufacturing does not seem to be a pre-condition for success in services. **Some leap-frog from being agricultural economies to service economies**. The introduction of new technology could speed up this process (see below on trend digitisation of the economy).

A trend on the European market is **servitisation**, which is the blurring of the distinction between goods and services (e.g. rather than purchasing jeans, you rent them). This trend is connected with concern amongst consumers about the environmental impact of consumption.

Trade in services also comes with obstacles. Services are more culturally sensitive and bound by location. This often makes it more difficult to trade in services than in manufactured goods, especially in fragmented internal markets such as Africa. Access to finance is also more difficult due to the lack of traditional collateral. There are also corporate social responsibility (CSR) related risks, due to the highly informal nature of the service sectors. An example is the tourism sector, which employs many young people in informal jobs which are often without decent pay and working conditions.

Share in GDP per sector

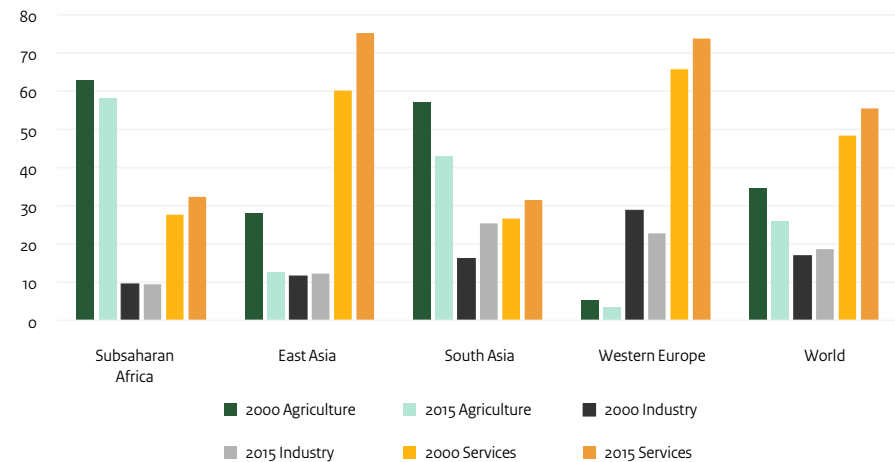


Figure 3: Share in GDP per sector

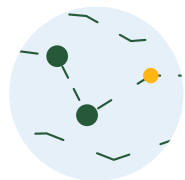


1. Trends / Trade in services is growing

For us this entails:

- Projects will increasingly have to focus on service sectors. Exports of services offer opportunities for growth and for development in our target countries.
- We need a more inclusive view on involving private-sector actors, including support services which contribute to the exports of value-added and/or niche products (export support clusters).

1. Trends



Digital transformation of the economy

Digitisation will impact every part of our trade system: production, trading, logistics, certification, marketing, sourcing, financing, payment, contracting and sales. It encompasses moving from analogue information to digital information (digitisation), the use of digital technology (incl. for automation) in business models (digitisation), as well as the restructuring of our economy and system of trade (digital transformation). What the exact effect will be remains uncertain and unpredictable.

Implementation of **new technology** (incl. automation) can offer opportunities for SMEs from developing countries to increase and enhance production, in terms of quantity and quality. Examples include artificial intelligence, drones, the Internet of Things and 3D printing. However, these types of technology can also pose a threat to developing countries, with production automation perhaps making reshoring more attractive.

E-commerce platforms offer opportunities for the marketing of products and services by SMEs from developing countries on international markets. There is a risk that local SMEs could become strongly dependent on these **e-commerce platforms**, which are owned by a limited number of multinationals (platform lock-in).

Big data has become a more important source of information and income for companies. A major issue is who owns this data, and is able to access and use it. SMEs may be in a vulnerable position. Technology, such as blockchain, could perhaps play an important role in this regard.

Digital technology offers opportunities for employment growth in developing countries, particularly for young people. The extent to which developing countries can harvest the fruits of digitisation depends on their financial means to invest. **There is a risk of these countries missing out: the digital divide is looming.** Developments can be **non-linear** and **disruptive**.

Developments such as these have led to the Ministry of Foreign Affairs wanting to encourage the use of digital technology in trade to stimulate inclusive and sustainable development (MFA, 2019).

For us this entails:

- Digitisation will become an explicit theme in each of our projects (why, how and what will depend on the context). We will be building on our experience with digital market entry, digital business models and block chain, for example.
- Projects will also need to be flexible to adapt to opportunities and threats resulting from digitisation of trade and economies.

1. Trends



The world of development cooperation demands accelerating progress in attaining SDGs

In a globalised world, we are **faced with large-scale, complex, systemic problems** such as poverty, climate change, political instability, inequality, youth unemployment, migration, terrorism and pandemics. These problems affect the entire world, but have a tendency to exacerbate inequalities. **The Middle East and North Africa (MENA), the Sahel and the Horn of Africa** are most affected (see also MFA, 2018).

Climate change has come to the fore as one of the most significant problems we are facing. Currently, about 33% of the official development aid (ODA) budget is directed towards climate action. This percentage is expected to grow further in the coming decades. Developing countries will be hit hard by climate change, especially countries in Africa (see e.g. MFA, 2018). Climate action can lead to questions about the nature of trade and development, specifically about stimulating further expansion of a system of trade through global value chains.

Complex, systemic problems **cannot be addressed by a single actor or from a single perspective**. More and more actors have started taking a more holistic and systemic approach, rather than only working from the perspective of their specific field of expertise, while also addressing root causes rather than symptoms.

In this light, **development aid organisations are becoming increasingly open to multi-stakeholder cooperation**. Where the presence of other organisations used to be considered a threat, cooperation has now become the standard. The Sustainable Development Goals (SDGs) are used as a common language to facilitate such cooperation.

Yet the field of **development aid still remains fragmented**. There still is competition among players, with new types of actors (social enterprises, private foundations) and different countries (emerging economies) entering the arena to offer support. In some countries, this can lead to a complex environment of development programmes.

There is openness towards **new, qualitative methods** for understanding, measuring and judging projects in light of these complex problems. In this context, learning is set to become a more explicit theme.

For us this entails:

- A need for adopting a systems approach in our projects, and for closer and more systematic cooperation with other organisations and programmes (multi-stakeholder approach) to achieve sustainable change, as well as using new methods to monitor and evaluate the long-term results of our projects.
- As one of the major challenges of our time, climate change and climate change adaptation must be taken into account in developing and implementing our projects. Moreover, we must create awareness among staff and experts and be critical about our own impact on climate change, for example with regard to the CO₂ emissions of flights.

Policy context

Our work forms part of the official Dutch foreign trade and development cooperation policy, which is described primarily in *Investing in Global Perspectives: For the World, For the Netherlands*. Goals include **promoting sustainable and inclusive growth** and climate action worldwide. For our strategy the following is most relevant:

- **SDGs** guide the development agenda (MFA, 2018). All projects must contribute to one or more SDGs and will be used to inform the language used in cooperation within the Netherlands Enterprise Agency, as well as with other organisations (RVO, 2019). For our SDG contribution, see *Annex 1*.
- The focus is shifting towards unstable regions of **the Middle East and North Africa (MENA), the Sahel and the Horn of Africa**. These regions are among those most affected by issues such as poverty, migration, terrorism and climate change (MFA, 2018). We have extensive experience with export development projects in many of the countries in these regions, as well as an extensive network, which includes local governmental and private sector stakeholders, SMEs, as well as potential partners and local experts (e.g. in Ethiopia, Uganda, Kenya, Egypt, Tunisia, Ghana, Senegal, Mali and Burkina Faso).



- **Gender is a cross-cutting theme** in all efforts (MFA, 2018) and is therefore a central part of the framework agreement between the Ministry of Foreign Affairs and the Netherlands Enterprise Agency. **All programmes must at least be gender aware**. Creating decent jobs for women, working towards female economic empowerment and improving the economic climate for women (see our mission) are all relevant to our programme. For example, we work in sectors which offer opportunities for decent jobs for women (developing projects where growth in the trade in value-added and/or niche products leads to growth in decent jobs for women), work with products and services where consumers are interested in stories related to production and female entrepreneurship (the European market offers opportunities in this aspect), coupling gender with economic business models for SMEs (e.g. involving women in management) and work with female entrepreneurs (see e.g. our mission and our ambitions).



- Youth unemployment is a growing problem in Africa and the Middle East. The number of African people aged between 15 and 24 will double to over 460 million between 2015 and 2050 (MFA, 2018). This means there is a need for a significant increase in jobs in the coming decades. **Youth employment** therefore also features as an important theme. In our projects we can link the export of value-added and/or niche products to Europe and to regional markets to a growth in decent employment for young people.



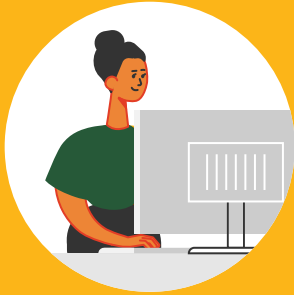
- Another cross-cutting theme in the Dutch foreign trade and development cooperation policy is **international corporate social responsibility (CSR)**. The Dutch Ministry of Foreign Affairs has requested the Netherlands Enterprise Agency to support companies on CSR to a sufficient extent. This entails supporting companies with improving their knowledge and capacity to implement CSR, for example, as well as supporting them in using the implementation of CSR guidelines to influence the value chain in which they are active. Our projects focus on exports of value-added and/or niche products, with strict requirements related to CSR. In our projects, we link the export of these products and an increased competitiveness and bargaining power to CSR awareness and policies (see KIT, 2018).

Policy context



- Climate is a priority theme. In the context of climate action, a new framework agreement between the Ministry of Foreign Affairs and the Netherlands Enterprise Agency requires the **greening of programmes**. From 2021, projects can **no longer be blind to climate issues** (climate blindness). SME exporters in our projects will need our support in dealing with increasingly strict environmental requirements in Europe (incl. related to CO₂ emissions) as well as with tapping into opportunities and developing business cases for positive environmental and climate action. We will seek to identify and, where possible, limit negative effects on the environment of exports resulting from our projects. Moreover, we will seek to reduce our own CO₂ emissions, for example by using more digital service delivery and local experts.
- As part of its *Digital Agenda for Foreign Trade and Development Cooperation*, the Netherlands wants to promote the use of digital technology in trade to encourage inclusive and sustainable development. Digitisation offers opportunities for local SMEs that want to enter the international market, including the European market. However, it also poses a threat to those that cannot cope, also referred to as the 'digital divide'. In our projects, we can offer support to SME exporters seeking to seize opportunities and support those that are at risk of missing out.

2. Our mission



Decent jobs



**Longterm competitive
power of local SME's**



**Stimulate sector
alignment**



**Contribute to supporting
and regulatory function**



2. Our mission

We support the transition towards inclusive and sustainable economies. We focus on transitions in sectors in developing countries, working towards becoming more inclusive and sustainable. We start from the **perspective of local SMEs, strengthening their economic, social and environmental sustainability through exports of value-added and/or niche products to European and regional markets.** We raise awareness, build capacity, act as a knowledge broker, support market and value chain linkage and promote the use of technology on multiple levels.

We:

- **Promote and create decent jobs.** We pay **special attention to women and youth.** This means creating decent jobs for women and young people, as well as supporting women in management positions. Moreover, it is our ambition to support female entrepreneurs.
- **Stimulate economically, socially and environmentally sustainable trade and production** through exports by local SMEs to Europe and to regional markets by stimulating effective sector alignment and contributing to supporting and regulatory functions.

We contribute directly to the following SDGs:



Decent work and economic growth (SDG 8)



Responsible consumption and production (SDG 12)



Gender equality (SDG 5)



Partnerships for the goals (SDG 17)

See Annex 1 for more information on our direct and indirect SDG contribution at target level. See Annex 3 for definitions of the terminology used here and further specifications.

2. Our mission

Our unique contribution

What makes us uniquely capable of fulfilling our mission and sets us apart from others?

1. We have **50 years of experience** in contributing to local sustainable economic development through exports, and in linking topics such as local income growth, growth in jobs and CSR to export business cases for local SMEs. We have worked with over 10,000 SMEs from over 70 developing countries in building sustainable trade relationships with European buyers. Moreover, we have worked with over 250 business support organisations (e.g. sector associations, trade promotion organisations and ministries of trade, tourism and agriculture) and know how to achieve sustainable, long-term change at sector level by working with these stakeholders.
2. What sets us apart, according to the SMEs as well as other local stakeholders we have worked with, is our **practical, hands-on and tailored** approach. We help prepare SMEs to successfully enter the European market, providing consistent assistance based on their specific needs. This includes supporting them with meeting strict market access requirements and **connecting them to European and other buyers**. We have a detailed understanding of the needs of local SMEs when attempting to realise their export ambitions.
3. Over the years we have built an **extensive and unique network of over 250 international experts** that we can involve in our projects. Among others, this includes: European sector experts; experts on private sector development; CSR experts; experts on institutional development; market, value chain and system researchers; coaches and trainers; as well as an increasingly large group of local experts.
4. A vast body of scientific and value chain research shows that a lack of access to good quality market information is one of the biggest barriers to successful exports by SMEs from developing countries, and thereby to local economic development. We have 30 years of experience in developing **high-quality market intelligence about the European market** for local SMEs and support organisations. We interpret and share information about important market trends, market access requirements and the growing demand for specific products, doing so from their perspective. In 2019, we had over 300,000 users

from developing countries on our online market intelligence platform. Since it identifies opportunities and threats for the export of products and services from developing countries, our market intelligence also informs our own project development and implementation.



3. Theory of change



3. Theory of Change

The aim of our work is to support the transition towards inclusive and sustainable sectors in our target countries. Our unique experience lies in using export to support such sustainability transitions.

We identify economic opportunities (business cases) for local SMEs on international markets that have a demand for products and services with stringent social and environmental requirements (predominantly the European market). In our projects, we support these local SMEs and work with the export-enabling environment with an eye towards their entering the markets we have identified and building sustainable trade relations.

Exports of products with stringent requirements coupled with a business case for SMEs can thereby lead to the sustainable development of and transition of the related sectors, as they are led by the demand and requirements of their target markets.

Over the years, we have gained broad experience and many insights regarding the dynamics of European markets and sectors in developing countries. Our new Theory of Change, which can be found below, focuses more strongly on the areas where greater impact can be created for specific sectors and their stakeholders.

To contribute to inclusive and sustainable sectors, we work on three interrelated change pathways leading to three long-term outcomes. A long-term outcome has been formulated for SMEs or groups of SMEs, another for the broader enabling environment, and another concerning sector alignment. Below, each change pathway and its accompanying long-term outcomes are elaborated. At the bottom you will find our general interventions areas.

See Annex 2 for our Theory of Change narrative, which further elaborates on the image below.



Theory of Change

CBI supports the transition towards inclusive and sustainable economies

CBI Mission

Impact Areas

Long-term outcomes

Intermediate outcomes

Intervention areas

Inclusive and sustainable sectors



Effective sector alignment



Sustainable SMEs



Supporting and regulating functions

SMEs are export competitive	Reduced environmental impact of production and trade	SMEs provide decent and inclusive work	Resilient SMEs
SMEs undertake export marketing and promotion	Compliance with standards and certification schemes	SMEs adopt decent work principles	
SMEs adopt sustainable sourcing policies and practices	Sustainable production practices	Professional development for women and youth	
SMEs invest in sustainable production and trade		SMEs employ youth and women	
SMEs develop plans for sustainable production and trade			
SMEs are aware of export opportunities and have capacity to adapt			

Strengthened linkages	Effective collaboration	Coherent export policies
Continuous inclusive dialogues and processes within the sector		
Joint export strategy and planning		
Inclusive forum for collaboration and joint action established		

Comprehensive services utilised	Enhanced norms and standards	
Business development services offered by a range of actors		
New technologies promoted	Decent work standard promoted	Quality standards/norms promoted
Business development services adapted/developed		Standards and norms adapted/developed
Actors are aware of opportunities for an inclusive and sustainable sector and have capacity to adapt		



Awareness Raising



Capacity Building



Knowledge Brokerage

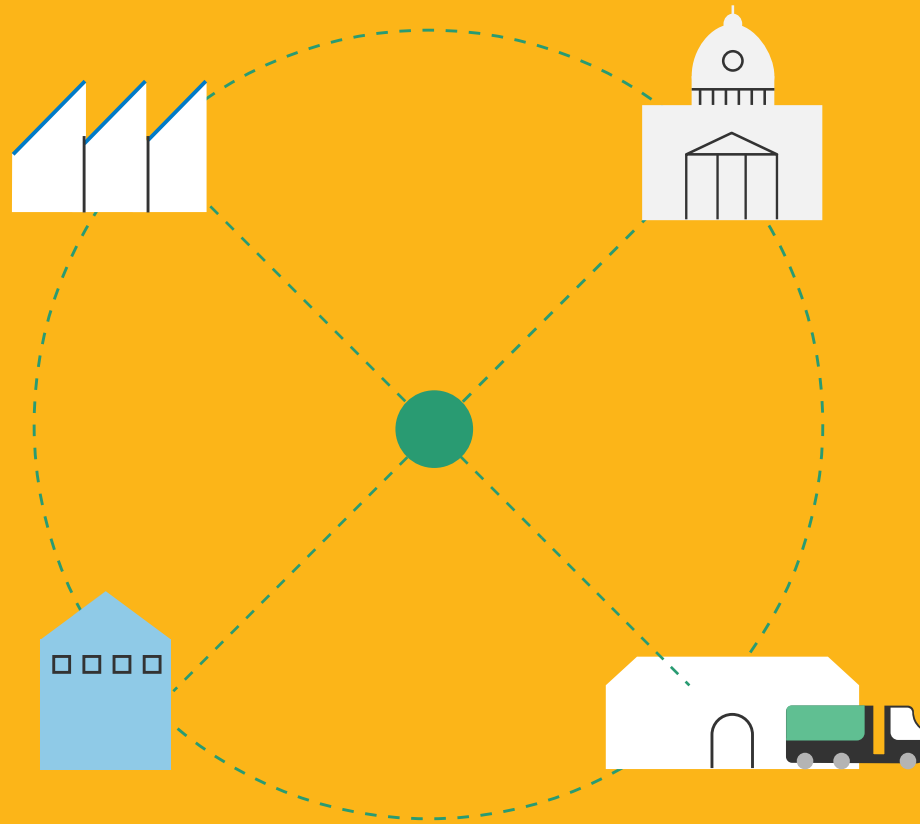


Supporting sector and value chain linkages

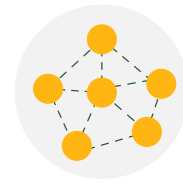


Promoting use of technology

4. Our approach



4. Our approach



A systems approach for sector transitions

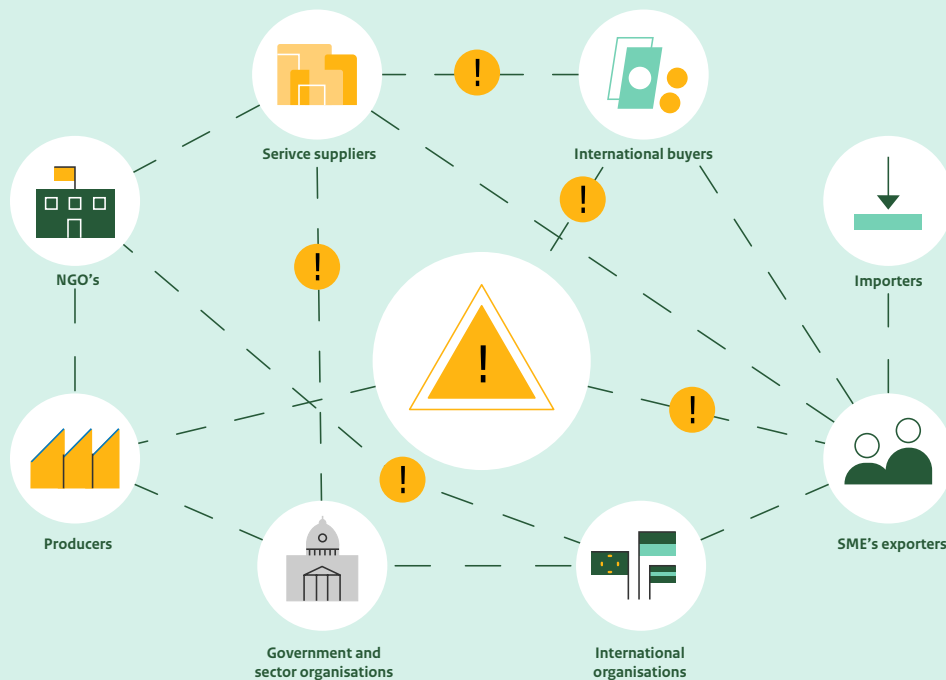
We approach the sectors in which we are active as a system, in which **parts are intricately linked**.

Using a systems approach entails identifying and tackling underlying causes of problems within a system. This includes starting from a clearly and jointly defined system at the beginning of the project, as well as establishing what a locally shared vision of what a well-functioning, future-proof system would look like. Another important element of a systems approach is to avoid (ultimately) becoming part of the system, which means working with an exit strategy from the very start (rather than taking an 'interventionist' approach). A precondition for a systems approach is that interventions do not disturb the market and are identified and developed in collaboration with local stakeholders.

We are aware that a systems approach entails **looking beyond the (local) sector itself**. We can include interventions which go beyond the sector (e.g. involving our network of European – and wherever relevant more specifically Dutch – buyers or other market stakeholders in projects). Projects can therefore also focus on multiple sectors in a single country, or on a single sector in multiple countries, for example (see section about context-specific projects below).

A systems approach also entails taking a fresh look at supporting functions, including local commercial players that can provide this support and thus contribute to exports by SMEs. For us this can mean shifting focus in terms of which local stakeholders we work with (e.g. from governmental organisations or sector associations to market actors that can provide services).

The majority of our projects will focus on **making existing systems more sustainable**, not on developing new sustainable systems. Wherever relevant, we can include activities in our projects that contribute to developing sustainable systems, including new ones.





4. Our approach - A systems approach for sector transitions

Within this context, we will use methods or elements of methods such as market system development, sector transformation, transition management and cluster development.

In using a systems approach, we are following the recommendations of the Donor Committee for Enterprise Development (DCED) for Results Measurement and addressing several main recommendations of a recent evaluation (EUR/KIT, 2019).

In keeping with a systems approach, **we intend to increasingly identify and mitigate any unintended economic, social and environmental effects of our project** (see also UN, 2019). Examples of possible external effects we intend to identify and take into account (depending on the context) are: effects of our projects on climate change; market distortion within sectors (see also EUR/KIT, 2019); negative effects on related value chains or for example neighbouring countries; possible effects of exports on food security; and trade possibly leading to environmental degradation or water pollution and contributing to inequality. Which external effects we will take into account will depend on the context (e.g. country, sectors).

This could lead to adapting our focus sectors, for example where negative external effects are significant and limited options for mitigation exist.

Priority will be given to reducing and mitigating the effects of our projects on climate change (SDG 13). Starting in 2021, new projects must always take the climate into account (see also policy context).

For us this entails:

- Starting in 2021, all projects that we develop will include elements of a systems approach, for example working towards a clear and locally shared vision of what a well-functioning system would look like. For projects already being implemented, we will decide on a case-by-case basis in what way elements of a systems approach will be integrated.
- We aim to gain experience with all of the aforementioned methods in 2021 and 2022, exploring and evaluating their merits for our work.

- We have identified five broad intervention areas: awareness raising; capacity building; knowledge brokerage; supporting sector and value chain linkage; and promoting the use of technology (see Theory of Change above).
- In 2021-2025, we will increasingly cooperate with buyers in the development and implementation of our projects, as well as with European (private sector) organisations for the purpose of international sector network creation.
- Taking a systems approach will have an effect on the type of interventions that are part of our projects. Projects could comprise fewer interventions directly targeting SME exporters, with more attention being given to the supporting functions and rules SME exporters have to deal with to ensure that change is sustainable. We intend to increasingly work with private-sector actors who provide services to exporters (see also the Theory of Change long-term outcome III, as well as the 'trade in services is growing' trend).
- In 2021 and 2022, we will be experimenting with a variety of methods to identify and acknowledge trade-offs of exports resulting from our projects, and we will also be experimenting with mitigating measures (both in the project development phase and the implementation phase). Moreover, we aim to develop extensive knowledge at sector level, related to external factors concerning exports and mitigating measures. Starting in 2023, we intend to come up with suggestions to mitigate possible negative external effects for all new projects. Our portfolio of projects already being implemented will be reviewed (we will do this for projects which are in the first or second year of implementation).
- Starting in 2021, our new projects will take the climate into account (i.e. initial steps towards identifying and mitigating the environmental and climate impact of our project will have been taken). Furthermore, we will experiment with methods to identify the effects of our projects on climate change, with an eye towards establishing our project footprints.

4. Our approach



Cooperation and alignment as a starting point

To support the transition towards more inclusive, sustainable economies and to transition processes in sectors, other perspectives besides export marketing are needed as well. We will therefore **increasingly be collaborating and aligning with other programmes and organisations**. Relevant programmes and organisations are working, for example, on themes such as access to finance (recognised as one of the major issues we do not address directly in our projects), production (issues further along in the value chain, see also EUR/KIT, 2019), infrastructure, digital economy, climate change, gender and youth, as well as on regional trade. Organisations with a local presence in target countries are particularly interesting. Another reason for us to seek collaboration and alignment with other programmes and organisations is to minimise overlap, competition and incoherence.

Our experience in cooperating with other programmes and stakeholders is extensive, both with international programmes and organisations (such as ITC, SIPPO and IPD) and local stakeholders. Often, cooperation entails **seeking alignment between independently developed projects**. In the upcoming period we will seek opportunities for more of this type of collaboration in all our projects, including with new type of programmes and organisations (new themes, new perspectives).

Over the last period, we have gained experience with operating as part of projects with other stakeholders, addressing multiple issues in a specific sector (e.g. with ITC, GIZ and ILO). Within these projects, we have contributed our unique experience, working with local SMEs and their enabling environment on marketing their products in Europe and developing sustainable exports, thereby contributing to the success of other efforts of our partners elsewhere in the value chain or sector (e.g. related to production, decent work or efforts at government level). In the upcoming period we will seek to **increasingly operate as part of such broader projects**.

These projects are preferably identified, developed and implemented jointly, with each programme or organisation working from its own perspective towards a common goal (linked to the SDGs).





4. Our approach - Cooperation and alignment as a starting point

We seek to **jointly identify, develop and implement projects or other forms of close and structural cooperation with:**

- **Netherlands Enterprise Agency programmes**, whose projects will address specific societal challenges in our target countries, in alignment with the Dutch multi-annual country strategy (MACS) (see below and also see RVO, 2018).
- **Dutch private sector development (PSD) programmes**, examples being: MVO Nederland, with a strong network of Dutch and European SME frontrunners willing to invest in sustainable relations with suppliers in developing countries and with extensive experience with transition processes; the Sustainable Trade Initiative (IDH: *Initiatief Duurzame Handel*), involving a strong network of larger European importers and with experience in making their supply chains more sustainable, as well as with vast knowledge of developments in these supply chains; and PUM Netherlands senior experts, working on individual company and cluster level with an extensive network of experts with knowledge on topics such as business planning, HRM and access to finance.
- **International organisations**, such as our long-term partner, the International Trade Centre (ITC), the International Labour Organization (ILO), Trade Mark East Africa (TMEA) and the West African Trade Facility.
- **Programmes and organisations from other countries**, such as the German Corporation for International Cooperation (GIZ) and our Trade Related Instruments Connected (TRIC) partners, such as the Import Promotion Desk (IPD) and the Swiss Import Promotion Programme (SIPPO), as well as with local organisations.

Learning from each other will be an explicit goal within these projects and there will be opportunity for experimentation.

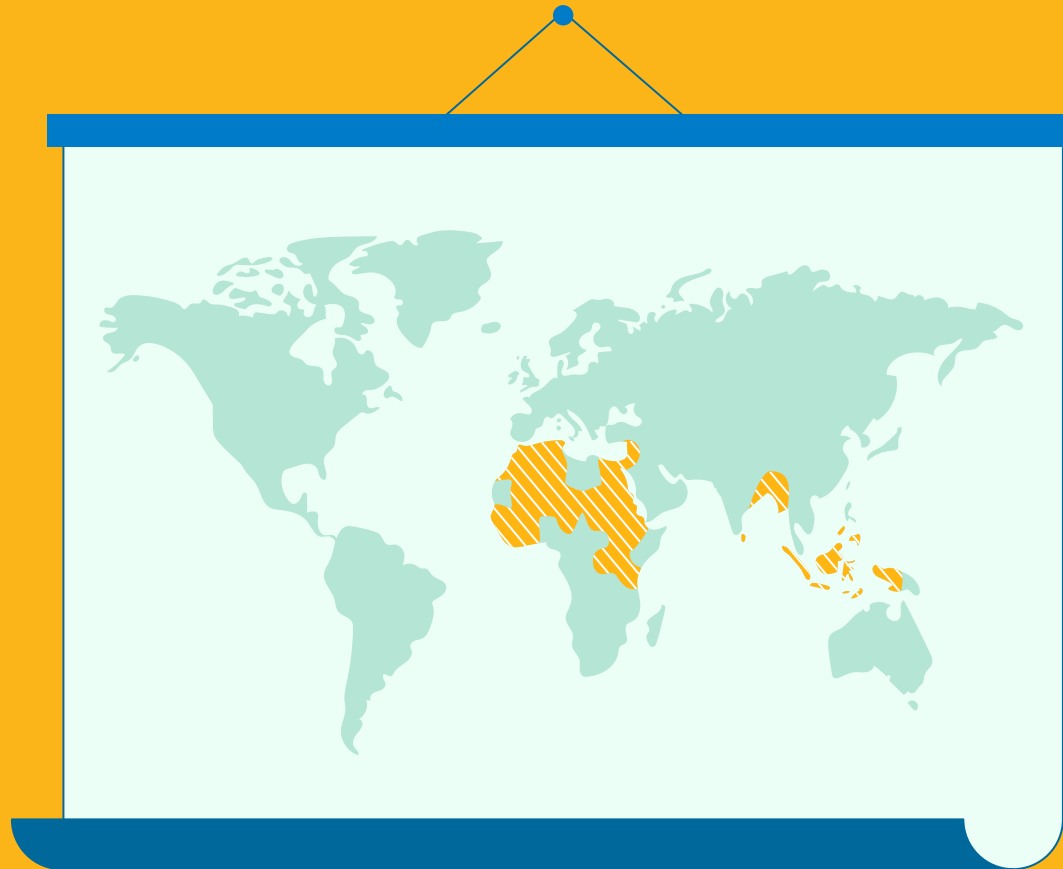
Working with a vast network of SME exporters, governmental organisations and other partners in our target countries, our projects will allow us to identify opportunities for sustainable development which we cannot address (e.g. which are not directly or indirectly related to exports). We will share these opportunities with other relevant programmes and organisations.

We will increasingly engage with other stakeholders relevant in the context of this strategy. Examples include knowledge institutes and think tanks such as ECDPM. We will seek to share knowledge and experience on topics such as gender, digitisation, private sector development, development innovation, transition management and systems thinking. Other examples are European sector associations and social enterprises.

For us this entails:

- In all our projects, we will seek alignment and cooperation with other programmes and organisations.
- For 2021-2025, we aim to initiate and/or participate in at least three integrated Netherlands Enterprise Agency projects, meaning we have identified, developed and implemented these in collaboration with other Netherlands Enterprise Agency programmes.
- Moreover, it is our ambition to initiate and/or participate in at least one project with other private sector development programmes from the Netherlands (jointly identified, developed and implemented).
- It is our ambition to initiate and/or participate in at least one joint project with other programmes and organisations in 2021-2025 (identification, development and implementation).
- We will use the language of the SDGs to foster collaboration (incl. identifying our niche).

5. Focus countries



5. Focus countries



Emphasis on MENA, West Africa and Sahel and East Africa, and projects in specific Asian countries

- The country list for Private Sector Development of the Dutch Ministry of Foreign Affairs serves as a starting point in selecting target countries for new projects. In our selection, we have taken such matters into account as opportunities for alignment with other private sector development programmes (see the section about cooperation above). We have also aimed to include countries that offer opportunities for projects focused on long-term transitions and/or on smaller-scale projects.
- We will be primarily **focusing on the MENA, West Africa and Sahel and East Africa regions**. These regions are highly affected by issues such as poverty, migration and climate change. They have thus also been identified as focus regions in Dutch development aid policy (see above). We have selected countries within these regions with sectors that have potential for export of value-added and/or niche products to Europe, as well as potential for exports to regional markets (e.g. as a stepping stone to exports to Europe). Within these countries, we can link exports of value-added and/or niche products to positive change in terms of matters such as decent work, gender, youth employment and climate. In most of these countries we can build on an already strong network (in the MENA, some West African countries and East Africa), while we have also identified opportunities for cooperation. Working in these regions comes with insecurity and fragility, and warrants spreading risks. This is something which we have to take into account in our project development and implementation.
- **Several countries in Asia are included as well**. We have wide experience within these countries, in multiple sectors. We therefore also have a strong network, including SMEs, buyers, governmental organisations, associations, as well as local experts and (potential) partner organisations. In these Asian countries we will be focusing on (longer-term) sustainability transitions in specific value chains, as specified in the Dutch multi-annual country strategy for these countries. Working in these countries comes with fewer risks.
- Since we are working in a dynamic environment, this list is **not set in stone**. A limited number of countries can be added. Reasons could include changing policy priorities, when opportunities arise for close cooperation with other private sector development programmes in specific countries (primarily those that are implemented by the Netherlands Enterprise Agency), or when economic developments in specific countries give rise to new opportunities for projects. The latter countries would be ones on the country list for private sector development of the Dutch Ministry of Foreign Affairs that have now been excluded due to a lack of export potential, for example.
- For efficiency purposes, we have limited the list of target countries for new projects to no more than 25.
- The list of target countries for new projects is included in *Annex 6*.

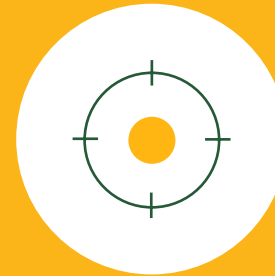
For us this entails:

- Throughout 2021-2025, we will aim for a balanced portfolio of projects in LDCs and fragile states, in addition to in more developed countries. Moreover, we will aim for a balanced portfolio of countries throughout the mentioned regions.

6. Markets and sectors



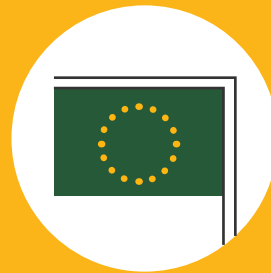
**Trough regional trade
more women have jobs**



**Value added
niche products**



**Focus on services
and digital services**



**Focus on the EU,
but regional trade is
important too**



**In EU there is more
money for sustainability**

6. Markets and sectors



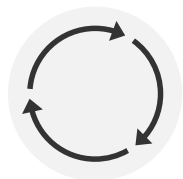
Europe remains our primary export market – also regional markets

- Niche markets entail more local added value and higher prices than comparable mainstream products or services, more opportunities specifically for SMEs, as well as more opportunities for positive local social and environmental change. **We will focus on niche and/or value-added markets.**
- **Europe will remain our primary target market.** Strong demand for value-added and/or niche products and services with (increasingly) strict social and environmental requirements make the European market ideal for realising our ambitions, matching exports to local sustainability transitions. Moreover, we see an increasing openness among buyers towards local value addition, for example through local processing (which can lead to more local income and sector development). We can build on almost 50 years of experience in supporting SMEs entering the European markets, an extensive network of European buyers and European experts, as well as extensive knowledge of trends, demand for value-added and/or niche products, legal and non-legal requirements, and market access channels in many sectors.
- Regional markets offer opportunities for project development, with a focus on lower export-related CO₂ emissions, growth in employment for youth and women, and local value addition (ECDPM, 2020). Moreover, regional markets can serve as a stepping stone to international markets for local SMEs and their integration into global value chains, including European value chains (see: EUR/KIT, 2019; WECR, 2018). This is specifically relevant to the LDCs and fragile states on our list of focus countries, which often cannot immediately deliver products and services that meet the high quality standards of international markets (e.g. countries in West Africa and the Sahel region). Regional markets can also be used by local SMEs for diversification purposes (important from a residence standpoint). **We will develop projects focused on regional markets, where these markets can be used to achieve our goals.** We will build on experience with regional markets gained over the last few years, as well as on our network of local experts and local organisations.
- We will not focus on export to other advanced economies (such as the US, Canada and Japan), although these markets have a high demand for products with positive social and environmental benefits and could be used to catalyse change in our target countries. However, focusing on these markets would require a significant investment in our network and expertise concerning these markets.
- We will not focus on export to emerging economies (such as China and India). Despite their growing importance in world trade, social and environmental standards are less stringent than, for example, for the European market, while they offer fewer opportunities for niche and/or value-added products and services (with e.g. more locally added value). This makes them less suitable for achieving our goals. An exception can be made when these markets play an important role in the context of regional trade.

For us this entails:

- In 2021-2025, we will seek opportunities for using regional markets for the purposes of sector development and/or for growth in employment for women and young people. At least 10% of our projects in 2021-2025 will target regional markets.

6. Markets and sectors



Flexibility in sector focus and sectors with opportunities for long-term change

- In 2021-2025, we will allow flexibility in terms of sectors. The most useful sectors can be selected within a specific context (e.g. country, region). However, we will identify 10-15 core sectors to specialise in (and specific niche segments within these core sectors).
- We will work **in sectors which offer opportunities for positive change in our target countries via exports to European and regional markets**. These will predominantly be niche and/or value-added products and services (see section above on markets and sectors). In our selection, we will take possible negative external social, economic and environmental effects of trade into account.
- Within the context of regional trade, we will explore new sectors. We will focus on sectors where regional trade offers opportunities for the creation of jobs for women and youth or for putting them in management positions, as well as opportunities for sector development (with a particular focus on value addition).
- We intend to **increasingly work on trade in services**. This includes sectors in which we have decades of experience, such as IT services (IT outsourcing), business process outsourcing (BPO) and tourism, as well as new sectors. Trade in services offers opportunities, for example for jobs for young people (see our mission).

For us this entails:

- Some 10-15 core sectors will be identified in Q1 2021 (and if needed specific niche segments within these core sectors). We will gain experience in identifying which products and services are most relevant to the European market and regional markets, respectively (i.e. relevant from the perspective of contributing to transition processes in sectors).
- At least 20% of the projects starting in 2021-2025 will focus on services. We will seek to identify additional service sectors which have potential.

7. Project setup



7. Project setup

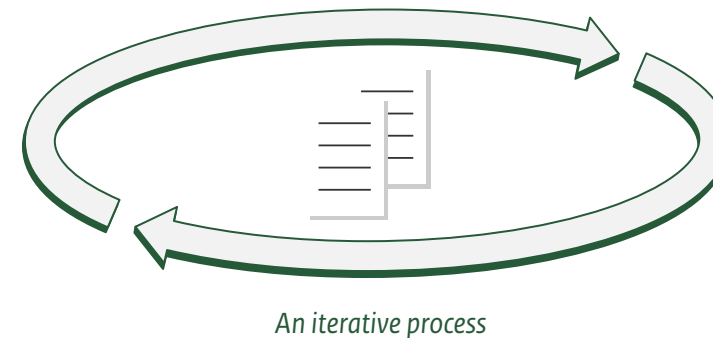
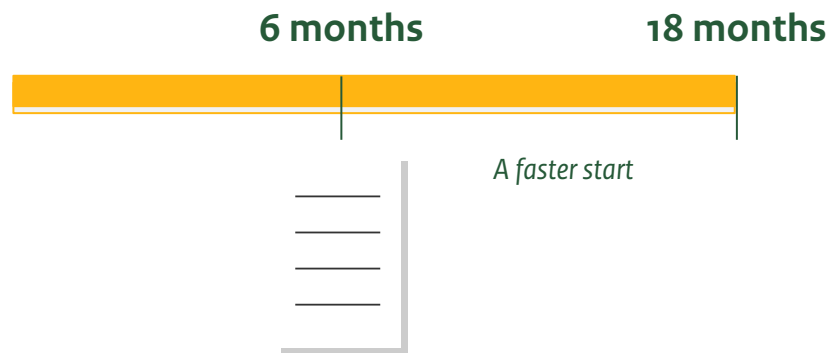


Context-specific projects

- Taking a systems approach means that projects are not restricted to a specific sector in a specific country, for example focusing instead on a specific sector in multiple countries, on a specific country with multiple related sectors, or on a specific common theme in one or more countries (see also DRIFT, 2020).
- The extent to which a project contributes to our goals will differ depending on the context (e.g. target country, sector, market). All projects must contribute to the creation of decent jobs, must be gender aware, must not be blind to climate issues (i.e. 'climate blindness'), must contain elements of a systems approach and must contain interventions related to digitisation. Specific targets can be set for each project depending on the context. Furthermore, projects can focus on additional themes, such as ones related to CO₂ emissions reduction or to gender (transformative projects).
- A project may focus mainly on long-term sector development, with a minimal contribution to changes at the level of SMEs.
- We will monitor the overall contribution of our project to our goals at portfolio level.
- The method used to achieve our targets may vary as well, depending on the context as well as project duration.

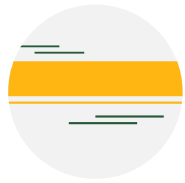
For us this entails:

- We will continuously strive for a balanced project portfolio, where all projects combined will contribute to fulfilling our mission and achieving our ambitions.



context specific project

7. Project setup



Rapid project development and flexible projects

- The complex, changing environment in which we operate demands a **rapid project development process**. We intend to develop projects within a timeframe of **six months**. This means using a light, compressed and co-creative approach (with multiple perspectives involved). This approach is aimed at gathering key information needed for decision-making. As a systems approach entails targeting underlying causes, thorough analyses are needed. We will continue to conduct analyses, and monitor and adapt the projects during implementation (see iterative setup below).
- A project plan will revolve around a **central result chain**, working from the perspective of a locally shared vision for the sector (see above) and with broad intervention strategies identified (which are locally supported). During implementation, the project will be further developed and adapted (additional analyses will be conducted). Projects will have an **iterative setup, working with milestones and phases** (see: DRIFT, 2020; and e.g. IDA, 2015).
- Project managers will continuously monitor the extent to which a project achieves its goals, will monitor and adapt projects to developments in their context (e.g. relevant market developments), will verify assumptions made in the result chain and will identify and mitigate negative externalities, as well as for example identify opportunities for scaling up activities where relevant (also see below on the role of our project management staff).
- Moreover, there will be an opportunity for **experimentation and pilots**. In this context, a central aspect of project management will be learning quickly, as well as sharing lessons learned.

For us this entails:

- Throughout 2021, we will be revising our project development methodologies to reduce project development time from 12-18 months to six months.
- We will continuously adapt our Programme Management Manual, including changes in our approach for project development and project management (foreseeing a more thorough revision in 2022).
- A consequence of this flexible set-up of our projects, is that some projects can be ended earlier than foreseen, while others could take longer than initially planned (which will have an effect on our overall project portfolio).

8. Internal organisation and operations



8. Internal organisation and operations



Increase our efficiency and effectiveness

- Increasing our efficiency and effectiveness in order to achieve more impact is particularly important in the context of this strategy. Our ambition to support the transition towards inclusive and sustainable economies entails developing and implementing projects which are more complex (e.g. due to a systems approach, multi-stakeholder cooperation, iterative project setup). Resources will have to be used in an optimal way.
- We will increase our efficiency by outsourcing some tasks that are now conducted by project managers and support staff (e.g. at project activity level). To this end, the roles of project managers and external experts need to be more clearly delineated (see below). Using digital tools and working with local experts next to European experts will also contribute to becoming more efficient.
- In this period, we aim to become much more data-informed. Based on the data we collect, we will be able to allocate our resources more efficiently and achieve more impact. Greater attention will therefore be given to data collection and data analytics in general.

For us this entails:

- In 2016-2020, we paid special attention to improved data collection (focused on costs). In 2021-2025, we will continue our investment in data collection, with special emphasis on data related to results (see section below on moving towards being increasingly data-informed by 2024). A tool will be developed to combine and analyse our different data sources, looking at both project level and portfolio level. This will enable us to assess the efficiency and effectiveness of projects and project interventions. Furthermore, it will help us to define and work towards meeting efficiency norms.

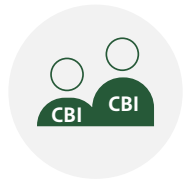
8. Internal organisation and operations



Continuous research

- We will continuously **conduct research into market developments, value chains and systems**. This research will inform our overall strategy, sector selection and programming. Moreover, it will be used for the development of projects and can be used to adjust projects when needed (see section on iterative project setup above).
- Taking a systems approach entails conducting new types of research (e.g. into project trade-offs, system studies). We will expand our network of experts on such types of research and seek to gain experience with different research methods.
- We will research possible new sectors to focus on for realising our ambitions (see section on sectors above). This includes new sectors in the European market as well as in regional markets. Examples are research into market trends, changes in market access requirements (e.g. voluntary requirements becoming mandatory), changes in demand for (value-added and/or niche) products with a positive local social and environmental impact, identifying upcoming (value-added and/or niche) markets for SMEs from developing countries, and opportunities for local processing.
- We will continue to supply SME exporters with relevant information about international (European) markets. We will increasingly do so as part of our projects, rather than providing market information to a broad target group.
- We will continuously conduct **research into the impact of our projects** (see section on monitoring and evaluation below).
- Moreover, we will stay updated on scientific research and methodologies related to private sector development. We will also **stay updated on lessons learned** by other programmes and organisations and will openly share our own lessons learned (see below). We will use this research, these theories and these lessons learned to improve our project development and implementation processes, methodologies and interventions (continuous learning).

8. Internal organisation and operations



Changing role of staff

- We will continue to use a model with **staff focusing on project management and staff focusing on project support**, and **an extensive network of experts for the implementation of projects** (see section on the network of experts below). This model allows us to be flexible in a changing environment, attracting specialists depending on what is needed in a specific context.
- More than ever, **a clear delineation between the roles of project managers and external experts** is needed. Our staff will focus on **project development and project management**, and will be ultimately responsible for project results and providing the experts with a framework. Tasks include the following: developing and adapting plans; contracting and management of consultants; monitoring a project as well as any developments in the project environment; learning, adapting, evaluating and reporting; identifying and mitigating risks; and budget management. Experts with specialist knowledge and experience will be responsible for the implementation of projects (which includes responsibility for *how* results will be achieved). Their work includes responsibility for activities, engaging with SMEs and other local stakeholders and market players, and can also include the coordination of activities as well as providing input for project development and adaptation. This stronger delineation of roles, and the limited involvement of project managers and project support staff at activity level, will increase our efficiency (see below).
- As we seek to increasingly work in cooperation with other programmes and organisations, **identifying opportunities for (multi-stakeholder) collaboration, seeking alignment** (incl. with other Netherlands Enterprise Agency programmes and our embassies) and **relationship management** will become a more important part of the work of project managers.
- Having an extensive and diverse network of external experts is essential for the successful development and implementation of projects in a changing environment. **Network management** will therefore become a more important task for our project managers, involving both consultants as well as experts from the academic world, think tanks and the private sector (see below). In this sense, project managers will also be knowledge brokers.
- Competences related to project management will become more important. In the context of the developments described in this strategy, flexibility and adaptability, innovative skills, dealing with uncertainty and complexity, and learning (and sharing lessons learned) will become more important.

For us this entails:

- We will continue to professionalise our project management in terms of tasks, skills and responsibilities.
- We will further encourage team and peer learning, aiming to become a 'learning team' by 2022.

8. Internal organisation and operations



Diversifying our network of experts

- In the context of developments described above, we will **expand and diversify our network of external experts**. Besides expanding our already extensive network of experts on topics such as export marketing, institutional development, sector expertise and market expertise, of particular importance will be expanding our network of experts on themes such as decent work, gender, youth, digitisation (incl. e.g. automation, digital marketing), environmental aspects of trade (e.g. circular business models, preservation and re-use of environmental resources, climate change mitigation and adaptation), social aspects of trade and responsible value chains. We also aim to expand our network with (local) experts that have knowledge of and experience with regional trade and markets, as well as with trade in services (incl. services supporting export). We also seek to extend our network of experts with knowledge of and experience with a systems approach. And finally, we will also seek to expand our network of female experts (when needed, we can offer additional support for female experts).
- Besides this, we will also **use our network in new ways**. We will involve experts at earlier stages of project development, thereby making optimal use of their knowledge and experience. This will lead to more co-creation. This will not just mean using consultants, but also experts from think tanks, universities, local and/or international partner organisations and buyers and/or importers, for example.
- We will increasingly involve **local external experts** (incl. from local consultancy firms or international firms with local presence) in the development and implementation of projects (see also IOB 2015), as well as for the coordination of activities. Their knowledge is key if we want to contribute to a transition towards inclusive, sustainable economies. Other reasons are to contribute to the development of local knowledge and expertise (see e.g. principle 2 of the Development Innovation Principles in Practice), increase local presence, lower the costs of projects and reduce CO₂ emissions. We will seek to expand our network of local experts.
- Our external experts will increasingly be asked to work in **multidisciplinary teams**. This means competences such as cooperation and knowledge sharing will become more important. Moreover, external experts will have to be flexible and adaptable. Experience with using digital tools (e.g. e-learning tools, tools for distant guidance) will be a more important requirement.

For us this entails:

- In early 2021, we will develop and implement a plan for managing our network of experts. This plan will include the role and responsibilities of project managers, as well as including activities aimed at growing and diversifying our network, strengthening our relationship with experts, stimulating shared values and enhancing learning.

8. Internal organisation and operations



Reduce our own CO2 emissions

- We work with SMEs and their support structures, as well as with buyers and other stakeholders, in countries all over the world. Face-to-face contact is often needed. This entails staff travelling long distances, as well as external experts, which results in significant CO2 emissions.
- As it is our mission to contribute to a transition towards inclusive, sustainable economies, and it is our goal to mitigate negative trade-offs of our projects, we will aim to reduce our own CO2 emissions caused by flights (this is in line with SDG 13). A 'digital first' approach (see below) as well as using local expertise and local partners will contribute to this goal.

For us this entails:

- It is our ambition to reduce the number of flights made by staff as well as by experts in 2021-2025. We will seek to quantify that ambition, using 2019 as a baseline. We will take a step-by-step approach.

8. Internal organisation and operations

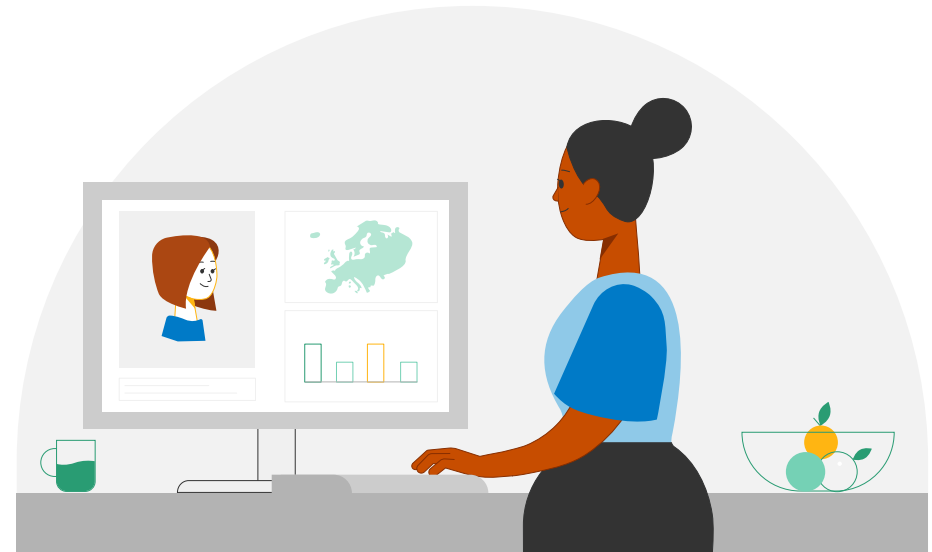


Digital First

- It is our ambition to become 'digital first', **starting from the perspective of using digital tools for our work**. Using digital tools will increase our efficiency and effectiveness, while contributing to reducing our own CO2 emissions (see above).
- We will use other means wherever using digital tools is not possible, or hinders us in reaching specific target groups (we are e.g. aware of the gender digital divide), or is significantly less effective or less efficient. Face-to-face contact will remain essential, for example in the early stages of project implementation. But when this does require travel, CO2 emissions will be taken into account. We will try to expand our local presence.
- We will, for example, begin with distance learning (using e.g. webinars, e-tutorials, real time e-training) and distance coaching, while formal meetings will be conducted remotely (e.g. steering committees, project kick-offs, discussions about MoUs) and projects will be managed digitally (managing projects without physical meetings).

For us this entails:

- In 2020, 2021 and 2022, we will experiment with tools necessary to make a transition towards a 'digital first' approach.
- We will be 'digital first' by 2023.



8. Internal organisation and operations



Getting our story out there

- We will share stories about our project successes as well as failures more regularly, as well as the lessons we have learned (including lessons learned from experiments). This is intended to put our knowledge and experience to wider use and encourage dialogue with policymakers as well as with other private sector development programmes.

For us this entails:

- We will develop a marketing and communication plan for 2021-2025, which will include a role for staff members (e.g. in sharing stories and lessons learned).
- Throughout 2021-2025, we will publish our audits (or elements of these) as well as closing documents and project evaluations, and will regularly share stories and lessons learned, hoping to encourage dialogue with other stakeholders.



9. Budget



9. Budget

We seek to increase our impact. For this purpose we will use our budget in a more efficient way. We will increase the proportion of our overall budget used for projects. We will also decrease the percentage of costs spent on staff within a project (see section 5.1 above for more information about efficiency measures). We will develop a comprehensive data collection system which allows us to work towards combining financial data with data on results. This will enable us to further increase our effectiveness and efficiency (see also section 5.1). Because of the fluctuations in our portfolio, we will need to use the entire budget more flexibly.



10. Monitoring and evaluation





10. Monitoring and evaluation

Our system for monitoring and evaluation (M&E) will be flexible, integrated, focused on processes as well as results, and will promote learning.

We will measure the effects of what we do and will analyse and credibly demonstrate results. For this purpose, we have identified a set of Key Performance Indicators (KPIs) which all projects will report on. They are a mix of qualitative and quantitative indicators to monitor our results at different levels (long-term and intermediate). In *Annex 4a* these indicators are listed. It should be noted that not all projects will contribute equally to all of these KPIs. For each project we will use a separate set of project-specific indicators.

All projects are inspired by our overall Theory of Change (see above). However, each project is developed within its own specific context, with a detailed results chain. Each project will report on the KPIs. However, customisation is essential, and a set of project-specific results and indicators will always be part of the project M&E framework.

To test our assumptions, our monitoring activities will allow us to measure progress towards the long-term outcomes (see Theory of Change). We will also start a process to measure the impact of our work, and see whether and how we contribute to transitions towards sustainable and inclusive sectors in the long term. This could lead to revising our KPIs.

For 2021-2025, we have formulated ambitions at process level and at result level (see *Annex 4b*). It must be noted that these are indeed ambitions, and as such the achievement of outcomes is not guaranteed. In the coming years, we will gain experience with the innovations described in this strategic plan and we will reassess these ambitions on a yearly basis.

Our impact will be demonstrated through a planned Impact Evaluation based on our Theory of Change (see above). The evaluation will consist of a baseline study and an endline study at the end of the five-year period. It will also include a number of case studies from our project portfolio.

Our history

- | | | |
|-------------|---------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1964 | UNCTAD I | The United Nations Conference on Trade and Development (UNCTAD) is founded. Its goal is to improve the trading position and economic development of developing countries. |
| 1968 | UNCTAD II | Developing countries demand more generous trading conditions, such as lower tariffs and easier access to finance for e.g. shipping. Their motto: 'trade is better than aid'. |
| 1971 | CBI is founded | CBI is founded, as part of the Dutch Ministry of Foreign Affairs. Its goal is to increase export from developing countries by e.g. providing market information and matchmaking between exporters and importers. Most projects focus on the export from developing countries to the Netherlands and Western Europe, some on regional markets, such as the export of kola nuts from Nigeria to West Africa. |
| 1974 | In European waters | From 1974 until 1982, we invited visiting exporters on board our very own ship. Exporters were brought by water to importers and conferences throughout Europe. In the same period, the European Economic Community (EEC) asked us to organise trade missions for exporters from developing countries. |
| 1980 | Reorganisation and reform | Austerity cuts in the 1980s bring an end to the ad hoc approach that characterised our early years. In addition, our company selection became stricter. Most supported companies are from Asian countries. |
| 1986 | Integrated export projects | Activities such as product seminars, participating in sector conferences and product adaptation missions are bundled into integrated export projects. |
| 1993 | European Single Market | The harmonisation of standards makes the European Union market more accessible for some exporters, while for others it becomes harder to export to Europe. The role of meeting European standards becomes more important in our work. |
| 1994 | Narrower country selection | Initially, all developing countries could qualify for our services. The rapid development of some of these countries, however, led to a narrower country selection, now focusing on the least developed countries (LDCs) and lower middle income countries (LMICs). However, we did remain active in some upper middle income countries (UMICs). |
| 1998 | Independent agency | We become an independent government agency. The goal is to create a clearer separation between our work and policy development at the Ministry of Foreign Affairs. |
| 2005 | Integrated approach | We start shifting towards an integrated approach. Projects are aimed at structural change, by combining our efforts focused on SMEs, business support organisations (BSOs) and governments. |
| 2012 | Relocation to The Hague | The Dutch Ministry of Finance plans to abolish all small government agencies. In preparation for a merger with Agency NL (now: Netherlands Enterprise Agency) we moved from Rotterdam to The Hague, which is also closer to policymakers at the Ministry of Foreign Affairs. |
| 2012 | Country-oriented approach | A new approach accompanies the relocation. CBI switches from a product-oriented to a country-oriented approach. Most problems for export are country-specific. This new approach helps make solving them easier. |
| 2015 | CBI as part of the Netherlands Enterprise Agency | CBI becomes part of the Netherlands Enterprise Agency. The many international development programmes implemented by the Netherlands Enterprise Agency offer opportunities for cooperation. |
| 2016 | Fewer Development Aid countries | The number of focus countries of Dutch development cooperation is reduced, with the new primary focus on the Middle East and North Africa (MENA), Sahel and Horn of Africa. |
| 2016 | New themes and more focus | The strategy for 2016-2020 is more focused more on themes such as gender and corporate social responsibility (CSR). The number of sectors in which the CBI is active is decreased to 15 and the list of target countries is shortened to 30. |
| 2021 | 50 years of CBI | CBI celebrates its fiftieth anniversary! |

Annex 1: *SDG* contribution

Annex 1: SDG contribution

We directly contribute to the following SDGs:



SDG 8: Decent work and economic growth (SDG 8)

- 8.2 Achieve higher levels of economic productivity through diversification, technological upgrading and innovation, including through a focus on high-value added and labour-intensive sectors.
- 8.3 Promote development-oriented policies that support productive activities, decent job creation, entrepreneurship, creativity and innovation, and encourage the formalization and growth of micro-, small- and medium-sized enterprises, including through access to financial services.
- 8.4 Improve progressively, through 2030, global resource efficiency in consumption and production and endeavour to decouple economic growth from environmental degradation, in accordance with the 10-year framework of programmes on sustainable consumption and production, with developed countries taking the lead.
- 8.5 By 2030, achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value.
- 8.6 By 2020, substantially reduce the proportion of youth not in employment, education or training.
- 8.7 Take immediate and effective measures to eradicate forced labour, end modern slavery and human trafficking and secure the prohibition and elimination of the worst forms of child labour, including recruitment and use of child soldiers, and by 2025 end child labour in all its forms.
- 8.8

Protect labour rights and promote safe and secure working environments for all workers, including migrant workers, in particular women migrants, and those in precarious employment.



Responsible consumption and production (SDG 12)

- 12.2 By 2030, achieve the sustainable management and efficient use of natural resources.
- 12.3 By 2030, halve per capita global food waste at the retail and consumer levels and reduce food losses along production and supply chains, including post-harvest losses.
- 12.4 By 2020, achieve the environmentally sound management of chemicals and all wastes throughout their life cycle, in accordance with agreed international frameworks, and significantly reduce their release to air, water and soil in order to minimize their adverse impacts on human health and the environment.
- 12.5 By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse.
- 12.6 Encourage companies, especially large and transnational companies, to adopt sustainable practices and to integrate sustainability information into their reporting cycle.
- 12.a Support developing countries to strengthen their scientific and technological capacity to move towards more sustainable patterns of consumption and production.
- 12.b Develop and implement tools to monitor sustainable development impacts for sustainable tourism that creates jobs and promotes local culture and products.

Annex 1: SDG contribution



Gender equality (SDG 5)

- 5.5 Ensure women's full and effective participation and equal opportunities for leadership at all levels of decision-making in political, economic and public life.
- 5.A Undertake reforms to give women equal rights to economic resources, as well as access to ownership and control over land and other forms of property, financial services, inheritance and natural resources, in accordance with national laws.



Partnerships for the goals (SDG 17)

- 17.11 Significantly increase the exports of developing countries, in particular with a view to doubling the least developed countries' share of global exports by 2020.
- 17.17 Encourage and promote effective public, public-private and civil society partnerships, building on the experience and resourcing strategies of partnerships.

We indirectly contribute to the following SDGs:



End poverty in all its forms everywhere (SDG 1)

- 1.1 By 2030, eradicate extreme poverty for all people everywhere, currently measured as people living on less than \$1.25 a day.
- 1.2 By 2030, reduce at least by half the proportion of men, women and children of all ages living in poverty in all its dimensions according to national definitions.
- 1.4 By 2030, ensure that all men and women, in particular the poor and the vulnerable, have equal rights to economic resources, as well as access to basic services, ownership and control over land and other forms of property, inheritance, natural resources, appropriate new technology and financial services, including microfinance.



Take urgent action to combat climate change and its impacts (SDG 13)

- 13.3 Improve education, awareness-raising and human and institutional capacity on climate change mitigation, adaptation, impact reduction and early warning.
- 13.8 Promote mechanisms for raising capacity for effective climate change-related planning and management in least developed countries and small island developing States, including focusing on women, youth and local and marginalized communities.



Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation (SDG 9)

- 9.3 Increase the access of small-scale industrial and other enterprises, in particular in developing countries, to financial services, including affordable credit, and their integration into value chains and markets.

Annex 2. Theory of Change narrative

Annex 2. Theory of Change narrative

Introduction

The aim of our work is to support the transition towards inclusive and sustainable sectors in our target countries. Our unique experience lies in using export as a means to support such transitions. We identify economic opportunities (business cases) for local SMEs on international markets where a demand exists for products and services with stringent social and environmental requirements (predominantly the European market). In our projects, we support these local SMEs and work with the export-enabling environment in entering the markets we have identified to build sustainable trade relations. Exports of products with stringent requirements, coupled with a business case for SMEs, can thereby lead to a transition: one in which the related sectors become more inclusive and sustainable.

To contribute to more inclusive and sustainable sectors, we operate on three *interrelated* change pathways, leading to three long-term outcomes. One long-term outcome is formulated for the SMEs (or the group of SMEs), one for the wider enabling environment, while the final one revolves around sector alignment. Below, each change pathway is elaborated, along with its accompanying long-term outcomes.

I. Socially, environmentally and economically sustainable SMEs¹

Company (SME) sustainability depends on obtaining a long-term – durable – balance between environmental, social and economic policies and practices. We see international trade as a means of supporting sustainability transitions for the companies (SMEs) in the sectors where we work. We have identified four interrelated and mutually reinforcing result areas for company sustainability:

- **SMEs' exports of sustainably produced products and services are competitive:** SMEs are successful in competing in the international markets. By adding value to their products, matching their production and trade with the demands and requirements of international markets and applying this to their marketing, SMEs are able to increase their margins.

- **SMEs' production and trade have reduced negative environmental impact:** The type of environmental impact differs per sector and can be in terms of water usage, CO₂ emissions, plastic use and/or use of non-degradable chemicals, etc. SMEs take actions to reduce the environmental impact throughout their supply and production chain. This may entail adopting and/or adapting internal production (and processing) processes, as well as enforcing a reduced negative environmental impact of their suppliers via sourcing policies and practice. In order to enter the international market, compliance with standards and certification schemes is essential for some sectors.
- **SMEs provide decent work:** SMEs take action to adopt and implement decent work principles in their internal work processes (see *Annex 3* for our definition of decent work). Both national and international decent work standards can be of influence and importance. SMEs will also specifically promote and support jobs for youth and women, including women in management positions. To maintain a stable workforce, SMEs should invest in the professional development of young people in particular. When selecting companies for participation in projects, additional efforts will be directed towards inclusion of more female entrepreneurs. For this group we aim to decrease the gender-related barriers they face as entrepreneurs.
- **SMEs are resilient to changes in markets and business environments:** In addition to the three previous results areas, which involve adopting new practices, new business models, as well as (possibly) new technologies, SMEs will invest in strengthening their relations and networks, within the sector and beyond. This is a condition for companies to become – and remain – resilient to challenges and shocks, such as new competition, rapid changes in markets, environment and climate-related issues and social and/or political unrest. Through strengthened value chain linkages (i.e. with buyers), SMEs and individual entrepreneurs may also enhance necessary capabilities (e.g. flexibility to adapt internal processes).

1. In the Theory of Change illustration (Figure 1, Chapter 3), brief formulations have been used. In the Theory of Change narrative, we use the full text in the headings for clarification. Text that differs from the illustration is indicated in italics.

Annex 2. Theory of Change narrative

Our assumptions are:

- There is a demand on international markets for products and services, produced, processed and traded with positive economic, social and environmental impact.
- SMEs in the countries and the sectors where we work are able to compete in these international markets.
- SMEs are the most relevant private-sector actors to focus on durable changes at sector level.
- Producers are rewarded with an increase in sales and/or a better price when they adapt practices to international (niche) market requirements.
- When companies adopt sustainable and/or responsible sourcing policies and engage with producers and/or suppliers, this leads to positive changes further down the value chain. By linking responsible business conduct to improved product quality, higher productivity will in turn increase local suppliers' competitiveness and their bargaining power with buyers. We acknowledge that this can be a long-term process.
- We also assume that by working with a selection of SMEs in our projects, as well as with other relevant actors within the sector, other companies could be triggered to follow suit.
- By involving buyers early on in the process, SMEs are better informed to make changes for more sustainable production and trade.
- SMEs require new (social) business models to become fully sustainable and to remain so. This includes risk mitigation policies as well as contingency plans.
- Incentives exist for SMEs for creating decent jobs, specifically for young people and women.
- We assume that SMEs acknowledge the added value of investing in professional development for young people.

- Incentives exist for equal participation of young people and women in management positions.
- We assume that female entrepreneurs encounter additional and/or other kinds of obstacles in doing business and trading on the International market.

II. Effective sector alignment for sustainable trade and production

This long-term outcome is the link between the SMEs and other actors (see Annex 3 for our definition of actors) within a sector. It focuses on enhanced value chain linkages, joint action, coordination and collaboration, as well as on coherent policies for SMEs and trade. We have identified the following three result areas related to sector alignment.

- **Strengthened value chain linkages:** As mentioned under the 'SME change pathway', in order to become resilient, SMEs require strengthened relations with other actors within and beyond the sector. This is equally important for private-sector actors, public institutions, etc. that have a stake in the sector. A forum for collaboration (see following result area) can be a driver for strengthening linkages between different actor levels within a sector.
- **Effective organisation, coordination and collaboration amongst actors:** A starting point for a sector to become inclusive and sustainable is to create awareness of opportunities for the sector to prosper, as well as awareness of the relevant environmental and social challenges at stake. This relates to all actors within a sector, while also demanding acknowledgement of the full roster of actors involved. This allows a common ground for collaboration to be set out. Actors should then agree on a forum for dialogue and action, one which has inclusive representation and which encourages contribution from multiple levels within the sector. The exact type and form of a 'forum' can vary within different sectors and/or countries, but it should be a place for companies from different parts of the value chain and other actors to engage, coordinate and strategise, to consequently take action on emerging issues. In order to work together towards creating an inclusive and sustainable sector, a joint sector strategy must be developed. Joint actions could include advocacy activities, development of standards for quality improvement, the joint purchase of necessities/materials for increased efficiency and quality, as well as other matters. These actions will vary among projects and will be elaborated within the sector strategy document. An

Annex 2. Theory of Change narrative

effective organisation to drive collaboration, as described above, is undoubtedly required. Again, the degree of how formalised the 'organisation' would need to be might differ depending on the sector context, level of complexity, etc. It can be a very loosely formed network or working group with a chairperson, or a more formal solution with a sector organisation adopting a hosting role. The essential element is that the form suits the objective of the collaboration.

- **Coherent policies support sustainable production and trade:** Policies and regulations related to sustainable production and trade need to be coherent, transparent, enabling and supportive. Better coordination, collaboration and strengthened value chain linkages all lay the basis for effective sector alignment. As such, the sector can indeed take action to advocate for coherent policies and regulations, and is fully capable of doing so.

Our assumptions are:

- By involving and attracting different sorts of actors – representing different levels within a value chain – awareness and acknowledgement of the contribution and role of 'oneself' and 'the other' can be established.
- Bringing together a varied group of actors for joint action, fostering sustained collaboration requires some kind of 'effective organisation'.
- Private sector actors and other actors are prepared to engage in collaboration aimed at exports of sustainable products and services.
- Actors are prepared to take action. They see the opportunities – and the need – to promote responsible and sustainable business models.
- In order to work towards a sustainable sector, actors within the sector will need to learn from each other, to advocate together for important policies and regulations, and in case of a certain shock or other market development, to join forces so that the sector is better able to overcome any setbacks.

III. Comprehensive supporting and regulating functions facilitate sustainable trade and production

For a sector to become inclusive and sustainable, multiple actors – public and private

– must be involved and have a 'stake' in sector development. Together they can provide a comprehensive and varied set of relevant and affordable business (and trade) support services of adequate quality, utilised by the companies that require these services. In addition, there is a need for clear and conducive norms and standards that inform production and trade. Only when these functions are available, conducive and accessible for everyone, can a sector be inclusive and sustainable. This is closely interrelated with sector alignment; they are mutually reinforcing: one is not possible without the other. We have identified two result areas related to this long-term outcome:

- **Comprehensive business development services are utilised and provided by multiple actors:** Multiple actors provide and support a comprehensive set of required services, such as technical business development services, other business development services, export services, financial services, logistical and financial services, which are accessible and affordable for companies. Moreover, private sector actors and public institutions promote and support the use of new technologies, as well as promoting and supporting inclusive and sustainable practices. Actors are aware of opportunities for the sector in general as well as for themselves as individual entities. Among other things, this entails that key market actors adopt new services for sustainable production and trade when these are commercially viable, for example. Actors are prepared to develop and invest in their capacity to play their role in the sector.
- **Enhanced norms & standards for sustainable production and trade:** Standards for decent work and inclusion are promoted and enforced by various actors (i.e. national labour laws). Quality standards and norms such as a 'Sector code of conduct' are developed, promoted and enforced. Engagement of third-party actors for auditing and certification is key. Actors are made aware of their roles in this regard and are prepared to assume these roles.

Our assumptions are:

- A business case exists for private-sector actors and organisations to provide supportive services for more inclusive and sustainable production. This includes financial institutions.
- Governmental organisations and third parties are indeed prepared to adapt and enforce rules, regulations and norms to contribute to sustainable trade and production.

Annex 3. Definitions and further specifications

Annex 3. Definitions and further specifications

Actor	A varied group of players in the sector, such as local (exporting) companies, producers, processors, buyers, associations, government organisations or third-party entities.	Gender transformative	Aims to transform current gender beliefs or relations, because the inequality impedes the development of a gender. In order for women to benefit from economic activities, it is important that women have the opportunity to take decisions and have ownership of their resources and profits.
Decent work	Decent work is productive work for women and men in conditions of freedom, equity, security and human dignity (ILO, 1999).	Inclusion	Improving the terms of participation in society (particularly for anyone disadvantaged due to age, sex, disability, race, ethnicity, origin, religion, economic or other status) by providing enhanced opportunities, access to resources, voice and respect for rights.
Climate-blind project	A project that does not take climate change mitigation or adaptation into account in any significant way (i.e. 'climate blindness').	Niche market	A well-defined market for specialised products or services with relatively high added value (e.g. specialty products, mid-high or high-quality products, products with specific (sustainability) certification or services targeting a specific customer need). Niche markets are often particularly interesting for SMEs, as they tend to compete on quality rather than on prices (high volume).
Economic empowerment	The ability of a person to secure a decent job, accumulate assets and influence institutions and public policies determining growth and development (see also: UN Women).	Resilience	Capacity to deal with challenges and shocks, e.g. new competitors, rapid changes in markets, climate-related issues and social and/or political unrest.
Environmentally responsible	Includes the preservation and re-use of environmental resources, low external input agriculture, good agricultural practices, organic agriculture, low CO ₂ emissions, energy efficiency, low water footprint, sustainable use of energy, use of durable materials and renewable sources and materials with an overall lower environmental footprint, high value-in-use (durability, lifespan), recyclability (upcycling, downcycling or recycling), preservation of biodiversity, climate change mitigation and adaptation.	Sector	An area of the economy in a given country in which businesses as well as organisations and institutions share an identical or related product or service. It can also be thought of as an industry or market that shares common operating characteristics.
Gender blindness	Gender blindness In a negative sense, not accounting for differences in needs of men and women.	Service	Economic transaction in which no physical goods are transferred from the seller to the buyer. Service sectors include e.g. business services (such as accounting, legal services), communication services, distribution devices, tourism services and transport services (air, land, sea). We can work in the service sectors themselves (exports of services) as well as with service providers of companies that export.
Gender awareness	Accounting for the difference in needs between men and women, ensuring that both benefit and that neither is harmed. Women need the skills and resources to be able to compete on the international market, and equal and fair access to financial institutions.		

Annex 3. Definitions and further specifications

Servitisation	Blurring of the distinction between goods and services.
Sustainable business model	A business model that creates a competitive advantage and contributes to the sustainable development of a company and society (solving or moderating social and/or environmental challenges).
Sustainable trade	Trade that generates economic benefits while being socially and environmentally responsible, meaning that it is in line with the principles of sustainable development. In the context of our work this entails e.g. supporting the development of a long-term viable business model (for SMEs and at sector level), stimulating fair trade, focusing on high-value markets, transparency, use of technology for good (e.g. block chain, Internet of Things), product diversification and/or diversification of input materials, regulatory compliance, market conformity, working towards diversification and true pricing.
Sustainable production	Production is socially and environmentally responsible, products are of high quality and the producer complies with regulations.
Sustainable development	Development that meets the need of the present without compromising the ability of future generations to meet their needs.
Small and Medium Sized Enterprise (SME)	Company with 5-200 employees.
Systems approach	Intervening in a complex environment, such as a market, can have unforeseen consequences. A systems approach looks at a complex environment as a system of interlinked elements. When intervening in a system, underlying or root causes of challenges are identified and targeted. Systemic change is a more fundamental change in underlying causes of system performance.

Transition	Process of fundamental and irreversible change in culture, structure and ways of working in a societal system (see also: DRIFT).
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Annex 4a. Key Performance Indicators

Annex 4a. Key Performance Indicators

Our Key Performance Indicators (KPIs) are:

<i>I. Socially, environmentally and economically sustainable SMEs</i>	<ul style="list-style-type: none">Number of direct jobs supported within SMEsNumber of supported jobs classified as decentNumber of supported jobs for womenNumber of supported jobs for young people (age <25)Export of sustainable products and services in valueNumber of SMEs with sustainable business modelsNumber of SMEs with export strategy for sustainable products/ servicesNumber of SMEs complying with relevant standards and certification schemes
<i>II. Effective sector alignment for sustainable trade and production</i>	<ul style="list-style-type: none">Number of sectors with a joint strategy and planningChanges made to policies, regulations
<i>III. Supporting and regulating functions facilitate sustainable trade and production</i>	<ul style="list-style-type: none">Percentage of satisfaction with servicesLevel of network density within the sectorNumber of sector-specific standards /norms adapted or developed

Annex 4a. Key Performance Indicators

Below is an overview of the KPIs and other indicators in relation to our long-term outcomes and results (see also our Theory of Change). The programme level KPIs which we will report on yearly (see also table above) are underlined, while bold indicates long-term results and italic indicates intermediate results.

Long-term outcome	Result	Indicator	Explanation	Level	Frequency of monitoring
I. Socially, environmentally and economically sustainable SMEs	Increased international competitiveness of SMEs for sustainably produced products and services	The amount of margin	Concerns the margin SME has on its product or service. This should increase by increasing the price, decreasing the costs, or adding value.	Long-term	Annually
	Increased international competitiveness of SMEs for sustainably produced products and services	Export of sustainable products and services per SME in value	Differentiated according to: segment (i.e. specialty vs bulk), biological vs non-biological, sustainable produced vs non-sustainable. And differentiated per market (EU/EFTA and non-EU/EFTA (and within non-EU/EFTA specify proportion to regional market). And differentiated per marketing channel (online marketing).	Long-term	Annually
		<i>Number of SMEs with export strategy for sustainable products or services</i>		<i>Intermediate</i>	<i>Annually</i>
	<i>Sustainable sourcing practices and policies</i>	<i>Number of SMEs adopting sustainable sourcing practices</i>		<i>Intermediate</i>	<i>Annually</i>
	<i>SMEs conduct export marketing and promotion of their products</i>	<i>Number of promotion activities conducted</i>	<i>Is about the use of their export marketing plan</i>	<i>Intermediate</i>	<i>Annually</i>
	<i>Compliance with standards and certification schemes</i>	<i>Number of SMEs complying with relevant standards and certification schemes;</i>	<i>As intermediate outcome monitor the steps towards compliance with standards and certification.</i>	<i>Intermediate</i>	<i>Annually</i>
	SMEs provide decent work, including decent jobs for women and youth	Number of direct jobs supported within SMEs		Long-term	Annually
	SMEs provide decent work, including decent jobs for women and youth	Number of supported jobs classified as decent	Decent is classified according to CBIs definition (based on ILO)	Long-term	To be decided
		Number of supported jobs for women	<i>Calculated with disaggregation at number of jobs</i>	Long-term	Annually
		Number of supported jobs for young people (age <25)	<i>Calculated with disaggregation at number of jobs</i>	Long-term	Annually
	<i>SMEs employ youth and women</i>	<i>SMEs have policies for inclusion of women and youth, or have implemented these</i>	<i>Personal development and/or growth opportunities within company.</i>	<i>Intermediate</i>	<i>Annually</i>
	<i>SMEs are effective in adopting and implementing decent work principles</i>	<i>Improved decent work practices at SME</i>	<i>Change in employment contracts (working time, breaks), changes in health and safety measures; immediate level of SME competences</i>	<i>Intermediate</i>	<i>Annually</i>
	<i>SMEs support professional development for women and youth</i>	<i>Percentage of female managers (in relation to total management)</i>		<i>Intermediate</i>	<i>Annually</i>
	SMEs produce and trade with reduced environmental impact	Qualitative explanation of what has been done to reduce the environmental impact	At portfolio level, CBI can report on the number of SMEs that have made adaptations to reduce their environmental impact	Long-term	Annually
	SMEs are resilient to changes in market & business environment	Number of SMEs with sustainable business models	Develop a qualitative indicator according to definition (see H6) with scoring on a set of categories.	Long-term	Annually
		<i>Number of SMEs with improved competences and/or practices</i>	<i>Requires a set of 'proxy indicators' that can be used for all projects. These will all be indicating that SMEs acquire new competencies and consequently adapt and/or adopt or different practices. This can be in environmental, social, or economic terms</i>	<i>Intermediate</i>	<i>Annually</i>

Annex 4a. Key Performance Indicators

Below is an overview of the KPIs and other indicators in relation to our long-term outcomes and results (see also our Theory of Change). The programme level KPIs which we will report on yearly (see also table above) are underlined, while bold indicates long-term results and italic indicates intermediate results.

Long-term outcome	Result	Indicator	Explanation	Level	Frequency of monitoring
<i>II. Effective sector alignment for sustainable trade and production</i>	Effective organisation, coordination and collaboration among actors	<i>Number of joint actions undertaken</i>	Incl. explanation on type of action.	<i>Intermediate</i>	<i>Annually</i>
		<i>The sector has a joint strategy and planning to promote inclusivity and sustainability</i>	At portfolio level, CBI will report on the number of sectors that have a joint strategy and planning	<i>Intermediate</i>	<i>Annually</i>
	Coherent policies and regulations support sustainable production and trade	Level of collaboration within the sector (sector mapping)	Qualitative indicator: measured on the collaboration scale 1-5. Focusing on: (actors, representation, roles).	Long-term	Baseline, mid-term and endline
		Changes made to policies, regulations	Description of changes achieved in laws, regulations, policy plans, outcomes of social dialogue or development strategies enacted or adopted by local government or social dialogue partners in the reporting period due to direct intervention by the programme, yielding tangible benefits to the business climate.	Long-term	Baseline, mid-term and endline
<i>III. Supporting and regulating functions that facilitate sustainable trade and production</i>	Business support services are comprehensive and utilised	<i>Percentage of satisfaction with services</i>	<i>Net Promoter Survey (survey to measure customer satisfaction/loyalty and comprehensiveness and usability). Measured at the level of and by supported organisation</i>	<i>Intermediate</i>	<i>Annually</i>
		Level of network density within the sector	Mapping of services; qualitative indicator. Mapping in terms of e.g. availability, quality, cost.	Long-term	Baseline, mid-term and endline
	Enhanced norms and standards for sustainable production and trade	<i>Number of sector-specific standards and/or norms adapted or developed</i>	This should be about changes in standards, norms etc. achieved through efforts by the sector itself (joint action, through more alignment and cooperation, etc.).	Long-term	Baseline, mid-term and endline

Annex 4b. Our ambitions for 2021-2025

Annex 4b. Our ambitions for 2021-2025

Our mission is to support the transition towards inclusive and sustainable economies, focusing on transitions in specific sectors in developing countries. It is our ambition to work in 45 sectors per year in our target countries (on average), supporting such transitions.

We have further quantified a number of ambitions. To formulate these, we started with the number of SMEs directly supported (unique, counted once). The number below relates to all SMEs that will have to be in 2021-2025, as tallied at the end of 2025. Please note that it is not necessarily our goal to involve this number of SMEs (and therefore e.g. support this number of jobs or growth in jobs at directly supported SMEs). Our goal is to support sectors in transition in becoming inclusive and sustainable. Directly supporting SMEs can be an instrumental aspect of this. However, some of the innovations proposed in this document might entail ending up with a portfolio that includes projects that do not directly support SMEs, even if they do still work from the perspective of local SMEs and contribute to making sectors inclusive and sustainable through exports by SMEs, while also, for example, contributing to growth in decent jobs within the sectors.

It should be noted that this strategy includes other innovations (e.g. more flexible projects, more context-specific projects and joint projects). The composition of our portfolio towards the end of this period is therefore not yet known (with e.g. projects differing in length, projects focused on a specific theme, etc.). This makes formulating ambitions challenging. Throughout 2021-2025, we will explore and gain experience with the innovations described in this strategic plan. Based on what we learn, we will reassess the ambitions formulated here as well as further expand on them, using the KPIs in *Annex 4a* as a starting point, as well as by learning from new methods for monitoring, evaluation and learning. In our annual plans, we will present concrete and more accurate targets, taking into account the current composition of the project portfolio as well as the baseline situation of the relevant projects.

Ambitions

Average number of sectors supported in becoming inclusive and sustainable per year (average number of projects in implementation per year)	45
Number of sectors with a joint strategy and planning	34
Number of SMEs directly supported (unique)	1000
Number of female lead SMEs directly supported (unique)	20%
Percentage of SMEs sustainable at end of project (competitive, resilient, providing decent job and when relevant reduced environmental impact)	70%
Number of jobs supported within SMEs directly supported	90,000
Number of jobs created within SMEs directly supported	30,000
Number of jobs supported for females within SMEs directly supported	>55%
Number of jobs supported for youth (<25 years old) within SMEs directly supported	>25%
Percentage of supported jobs classified as decent at the end of a project (existing jobs made decent and new decent jobs) within SMEs directly supported	100%

The following characteristics give an impression of what a project could look like:

Average implementation time for a project	5 years
Average number of SMEs directly supported per project	15
Average budget per project (excluding personnel costs)	€ 1,500,000

Note that these characteristics are based on an assessment of our current project portfolio. The innovations described (incl. joint project development) in this strategy can, for example, lead to shorter as well as longer projects, could involve less directly supported SMEs (e.g. with more focus on the supporting services), while costs could also vary.

Annex 4b. Our ambitions for 2021-2025

We have also formulated several process level ambitions:

Average number of projects in implementation per year	45
Average number of projects initiated per year (entering implementation phase)	9
Number of joint projects (identified, developed and in implementation) with other Netherlands Enterprise Agency programmes	3
Number of joint projects (identified, developed and in implementation) with other programmes	2
Project development time	18 months > 6 months

Annex 5. Implementation timeline and milestones

Annex 5. Implementation timeline and milestones

The strategy for 2021-2025 will not be implemented all at once at the beginning of 2021. Rather, we will take a step-by-step approach with regard to implementation, giving us enough time to adapt, for example by training staff, adapting processes and experimenting with methods. Below you will find the timeline and main milestones in implementing this strategy. The overview does not set out the steps that need to be taken to reach those milestones. Those will be defined in implementation plans, for example.

2020

Q3, Q4	<ul style="list-style-type: none"> • Experimenting with elements of the systems approach in projects (incl. with different methods) (<i>see section 4.1</i>) • Experimenting with project setup (rapid development, flexible projects) (<i>see section 5.2</i>) • Experimenting with digital service delivery (<i>see section 8.6</i>)
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2021

Throughout the year:	<ul style="list-style-type: none"> • Experimenting with elements of the systems approach in projects (incl. with different methods) (<i>see section 4.1</i>) • Experimenting with methods for identifying, analysing and mitigating negative project trade-offs (<i>see section 4.1</i>) • Experimenting with project setup (rapid development, flexible projects) (<i>see section 5.2</i>) • Experimenting with digital service delivery (<i>see section 8.6</i>) • Experimenting with and/or first steps involving joint project development (<i>see section 4.2</i>)
Q1	<ul style="list-style-type: none"> • Marketing and communication plan for 2021-2025 finalised and start of implementation (<i>see section 8.7</i>) • New projects are no longer subject to 'climate blindness' (<i>see section 4.1</i>) • New projects contain elements of a systems approach (<i>see section 4.1</i>) • Review of projects in implementation. Projects shorter than one year in implementation will be adjusted to align them with a system approach. Projects longer than one year in implementation will be adjusted only if this does not require significant changes to the project setup • Plan for reducing our own CO₂ emissions finalised and start of implementation (<i>see section 8.5</i>)
Q2	<ul style="list-style-type: none"> • Plan for management of network of experts finalised and start of implementation (<i>see section 8.4</i>) • Core sectors for 2021-2025 identified (<i>see section 6.2</i>)
Q3	<ul style="list-style-type: none"> • First project identified in partnership and start of development (<i>see section 4.2</i>) • Project development takes six months (<i>see section 7.2</i>)

2022

Throughout the year:	<ul style="list-style-type: none"> • Experimenting with methods for identifying, analysing and mitigating negative project trade-offs (<i>see section 5.1</i>)
Q1	<ul style="list-style-type: none"> • New projects are fully flexible (<i>see section 5.2</i>) • First projects in partnership start of implementation (<i>see section 4.2</i>) • Learning is an integral part of the organisation (<i>see sections 4.1 and 8.3</i>) • 'Digital first' with regards to service delivery (<i>see section 8.6</i>)

2023

Q1	<ul style="list-style-type: none"> • Awareness, identification and mitigation of negative project trade-offs for all new projects (<i>see section 5.1</i>) • Review of projects in implementation from the perspective of awareness, identification and mitigation of project trade-offs. Projects shorter than one year in implementation will be adjusted to align them with a system approach. Projects longer than one year in implementation will be adjusted only if this does not require significant changes to the project setup.
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2024

Q1	<ul style="list-style-type: none"> • Data-informed (<i>see section 8.1</i>)
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Annex 6. List of target countries



Annex 6. List of target countries

<i>MENA</i>	<i>East Africa</i>	<i>West Africa and Sahel</i>	<i>Asia</i>
<i>Algeria</i>	<i>Ethiopia</i>	<i>Benin</i>	<i>Bangladesh</i>
<i>Egypt</i>	<i>Kenya</i>	<i>Burkina Faso</i>	<i>Indonesia</i>
<i>Jordan</i>	<i>Sudan</i>	<i>Chad</i>	<i>Myanmar</i>
<i>Lebanon</i>	<i>Uganda</i>	<i>Ghana</i>	<i>Sri Lanka</i>
<i>Morocco</i>		<i>Ivory Coast</i>	
<i>Palestinian Territories</i>		<i>Mali</i>	
<i>Tunisia</i>		<i>Niger</i>	
		<i>Nigeria</i>	
		<i>Senegal</i>	

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Annex 8. List of abbreviations

Annex 8. List of abbreviations

AfCFTA	African Continental Free Trade Area	EUR	Erasmus University Rotterdam
BSO	Business Support Organisation	FIBL	Forschungsinstitut für biologischen Landbau (Research Institute of Organic Agriculture)
BPO	Business Process Outsourcing	FMO	Nederlandse Financierings-maatschappij voor Ontwikkelingslanden (FMO Entrepreneurial Development Bank)
CBI	Centrum tot Bevordering van Import uit ontwikkelingslanden (Centre for the Promotion of Imports from developing countries)	GDP	Gross Domestic Product
CIFS	Copenhagen Institute for Futures Studies	GIZ	Deutsche Gesellschaft für Internationale Zusammenarbeit (German Corporation for International Cooperation GmbH)
CSR	Corporate Social Responsibility	GVC	Global Value Chain
DCED	Donor Committee for Enterprise Development	IATI	International Aid Transparency Initiative
DDE	Directie Duurzame Economische Ontwikkeling (Sustainable Economic Development Department)	IDA	International Development Association
DECP	Dutch Employers' Cooperation Programme	IDH	Initiatief Duurzame Handel (Sustainable Trade Initiative)
DG	Director-General	ILO	International Labour Organization
DGGF	Dutch Good Growth Fund	IOB	Internationaal Onderzoek en Beleidsevaluatie (International Research and Policy Evaluation)
DGIS	Directoraat-generaal Internationale Samenwerking (Directorate-General for International Cooperation)	ITC	International Trade Centre
DRIFT	Dutch Research Institute for Transitions	KIT	Koninklijk Instituut voor de Tropen (Royal Tropical Institute)
EEC	European Economic Community	LDC	Least Developed Countries
ECDPM	European Centre for Development Policy Management	LMIC	Lower-Middle Income Countries
EIU	Economist Intelligence Unit	MACS	Multi-Annual Country Strategy
EMP	Export Marketing Plan	MENA	Middle East and North Africa
EU	European Union		

Annex 8. List of abbreviations

MFA	Ministry of Foreign Affairs	UNGPs	United Nations Guiding Principles on Business and Human Rights
MGI	McKinsey Global Institute	UNCTAD	United Nations Conference on Trade and Development
M&E	Monitoring and Evaluation	VCA	Value Chain Analysis
MI	Market Intelligence	VCS	Value Chain Selection
MoU	Memorandum of Understanding	WECR	Wageningen Economic Research
NGO	Non-Governmental Organisation		
NTF	Netherlands Trust Fund		
OECD	Organisation for Economic Cooperation and Development		
ODA	Official Development Aid		
OLIC	Other Low Income Countries		
PRIME	Pioneering Realtime Impact Monitoring and Evaluation		
PUM	Programma Uitzending Managers		
PSD	Private Sector Development		
RVO	Rijksdienst voor Ondernemend Nederland (Netherlands Enterprise Agency)		
SDG	Sustainable Development Goal		
SME	Small and Medium Sized Enterprises		
TRIC	Trade Related Instruments Connected		
UMIC	Upper Middle Income Countries		
UNECA	UN Economic Commission for Africa		

**Annex 9. What are the
main changes?**

Annex 9. What are the main changes?

What is new?

2016-2020	Mission	2021-2025
We connect SMEs in developing countries to the European market and thereby contribute to sustainable and inclusive economic growth.		We support the transition towards inclusive and sustainable economies. We focus on transitions in sectors in developing countries, working towards becoming more inclusive and sustainable. We start from the perspective of local SMEs, strengthening their economic, social and environmental sustainability through exports of value-added and/or niche products to European and regional markets. We operate as a facilitator, broker and partner on multiple levels.
Export central		Export as an explicit means for transition towards inclusive and sustainable economies (with a focus on specific sectors)
Employment growth		Growth in decent employment (see Chapter 2, Theory of Change and KPIs)
Approach		
Integrated approach (incl. e.g. direct interventions)		Export as an explicit means for transition towards inclusive and sustainable economies (with a focus on specific sectors)
Limited relationship with European (and Dutch) importers		Growth in decent employment (see Chapter 2, Theory of Change and KPIs)
Actively looking for opportunities for projects via European Union Delegated Cooperation, with primary focus on DG DEVCO		Not actively looking for projects via European Union Delegated Cooperation, open to such work as part of a broader Netherlands Enterprise Agency effort
Gender-blind projects and projects with gender as add-on		All projects at least gender aware, gender transformative where possible – an overall ambition to involve female entrepreneurs in projects (see Chapter 2, Theory of Change and KPIs)
No focus on creating jobs specifically for young people		Youth employment as an important theme (see Chapter 2 and Theory of Change)
CSR risk assessments		Identify and take into account negative economic, social and environmental external effects of projects (besides CSR risk assessments)
Climate blind		No more climate blind project, ambition to work toward footprinting (see section 4.1)
Limited focus on digitisation (e.g. digital market entry in specific sectors, developing online platforms with market information)		Digitisation explicit theme in all projects
Cooperation mostly in the form of alignment with projects of other programmes and organisations		Cooperation as a starting point: alignment in all projects and joint project development (see section 4.2)

Annex 9. What are the main changes?

2016-2020	Markets and sectors	2021-2025
European market		European market, but also regional markets (see section 6.1)
14 focus sectors		Flexibility in terms of sector, with several core sectors identified (see section 6.1)
Predominantly active in agricultural sectors, consumer goods		Selection based predominantly on the possibility of achieving a transition towards a more inclusive and sustainable sector (see section 6.2)
Target countries		
No new activities in Latin America, more emphasis on Africa		Emphasis on MENA, West Africa and the Sahel and East Africa – activities in a limited amount of selected countries outside these regions (see section 5.1)
Minimum of 50% of budget to LDCs and fragile states		Balanced portfolio of projects in different types of countries (see section 5.1)
Project setup		
Thorough project development process, which takes 12-18 months		Concentrated process for project development, aimed at gathering key info for taking decisions, which takes six months at most (see section 7.2)
Relatively static projects		Flexible projects, with iterative setup and working towards a clear and locally shared vision of what a well-functioning sector would look like (see section 7.2)
Relatively standard setup of projects		Context specific projects (incl. specific focus themes, use of different methods) (see section 7.1)
Each project focuses on one value chain in one country		Using systems approach entails looking beyond the value chain – depending on the context a project can focus on, e.g. one sector in multiple countries, one theme in one sector in multiple countries, or multiple related sectors in one country (see sections 4.1 and 7.1)
Internal organisation and operations		
Continuous research into the European market (predominantly used for informing target group)		Continuous research into the European market as well as regional markets (used for informing the target group as well as increasingly for our own strategy, and process of project development and implementation) (see section 8.2)
Limited knowledge sharing		Learning, innovation and knowledge sharing as one of our core principles (see sections 4.1 and 8.3)
Face-to-face		Digital first (see section 8.6)
M&E		
First attempts to make additional, qualitative effects of projects measurable (evaluation conducted with focus on learning, using outcome harvesting as a method)		Several qualitative KPIs and further development and use of methodologies such as outcome harvesting and reflexive monitoring
Individual project data collection – at programme level, a focus on measuring costs		More systematic data collection, focused on the relation between results and costs, including at programme level – working towards being data informed (see section 8.1)

**Annex 10. What will
remain the same?**

Annex 10. What will remain the same?

Working from the perspective of local SMEs (and involving SMEs in projects)

Programmatic approach (not ad hoc)

Projects are market driven (there needs to be a business case for export)

Practical training and coaching, based on the needs of our target groups

External consultants pivotal in bringing about change

Focus on niche and/or value-added markets (albeit looking more explicitly for those niches that offer the greatest opportunities for local sustainability transitions)

Focus on export marketing (note that there can be changes at activity level)

Long-term commitment
