Future of manufacturing
Matchmaking Facility –
Internationalisation policy measure
(Netherlands)

**Born globals and their value chains**

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Eurofound reference number: WPFOMEEF18041
Related reports: This policy measure is one of the 27 policy measures reported on in the framework of the project Future of Manufacturing in Europe and produced by Kingston University Enterprises and IKEI Research Consultancy S.A. The 27 policy measures complement the following seven company case studies: Blue Ocean Robotics; COMODULE OÜ; Frog Bikes; Graphenea; Khar & Partners; KristallTurm; Recornect. All case studies and policy measures are available on Future of Manufacturing website.

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This is a publication from The Future of Manufacturing in Europe (FOME) project.

FOME is a Pilot Project proposed by the European Parliament and delegated to Eurofound by the European Commission (DG GROW).

More information on the FOME project, including available and forthcoming publications and events and relevant data can be found on the FOME page of the EUROFOUND website.

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1. Context

1.1. Circumstances in which the measure was introduced, rationale, and relevance

The Matchmaking Facility (MMF) is a programme initiated by the Dutch Ministry of Foreign Affairs in 2006 that aims to establish long-term and structural business relationships between Dutch entrepreneurs and those from developing countries. The business relationships that result from the measure could potentially result in export or import business opportunities, joint ventures, and public-private partnerships, amongst others. It is principally aimed at commercial or economic relationships.

The Matchmaking Facility was created to complement a Dutch subsidy programme called the Private Sector Investment Programme (PSI), which was permanently ended by the Ministry of Foreign Affairs in 2015. The objective of the PSI subsidy was to stimulate financial growth, create employment opportunities and generate income. The grant was available to Dutch companies in order to make an innovative pilot investment, in cooperation with a local business partner, in many countries in Africa, Asia, Latin America and Central and Eastern Europe. Enterprises in a developing country could gain venture capital or another form of investment for up to €1.5 million. Under the PSI, the Dutch government, via the Netherlands Enterprise Agency (RVO), could subsidise up to 50% of the investment of the enterprise’s project. This was conditional on whether the project contributed to the general development of the SME and/or the area in which the SME was situated.

This programme was very interesting to SMEs in developing countries. However, a Dutch company had to be the applicant for the investment subsidy. Therefore, it was important that foreign SMEs were able to come into contact with Dutch enterprises. This led to the establishment of the Matchmaking Facility. The Matchmaking Facility application initiative must come from the developing country. The purpose of the MMF was to find a business partner in the Netherlands in order to start business relations that might result in investment from the Netherlands, a joint venture with a Dutch company in order to apply together for PSI or simply for export reasons.

1.2. The process of developing the measure

The MMF started in 2006 with a pilot programme in eight countries (Burkina Faso, Colombia, Egypt, Kenya, Mali, Pakistan, Peru, Rwanda) and the Balkans. After an evaluation of the yearlong pilot programme the MMF was continued. The reason for establishing the MMF was that embassies and the Dutch Agency for international business and cooperation EVD (now Netherlands Enterprise Agency, RVO) who were carrying out the Private Sector Investment Programme (PSI), formerly known as PSOM, felt the need for a matchmaking facility for entrepreneurs from developing countries. The PSI was a subsidy programme supporting innovative investment projects in developing countries. The objectives of PSI were to stimulate financial growth, create employment opportunities and generate income. For the PSI, adequate business relations between Dutch and foreign companies were important, but it appeared to be difficult to find the right companies and to establish these business relationships. Embassies needed a facility whereby they could refer inquiring entrepreneurs in developing countries. Furthermore, the Dutch Agency for international business and cooperation EVD (now Netherlands Enterprise Agency, RVO) wanted to increase the number of applications for the PSOM. Therefore, contacts between Dutch enterprises and entrepreneurs from developing countries were needed.

The MMF was developed by the Dutch Agency for international business in cooperation with EVD (now Netherlands Enterprise Agency, RVO) and the embassies. No information is available regarding the development process.

1.3. Any changes in policy context over time

There have been changes in regards to the policy context of the Matchmaking Facility over time. One big difference from the initial establishment of the programme is that the Private Sector Investment
Programme (PSI) on which the MMF was based ended in 2015. Therefore, the MMF no longer acts as a complementary instrument to the PSI. The MMF continues to support other instruments of the Netherlands Enterprise Agency (RVO) and of the PUM. However, the MMF has been less active in recent years.

As regards further changes, up until 2014 it had its own designated team, whereas since then activities are mainly carried out by PUM, an organisation that works with retired managers and business people who work on a volunteer basis to connect foreign and Dutch enterprises. The reason for the cooperation between MMF and PUM was that the Ministry of Foreign Affairs felt that they wanted to ensure companies receive the best possible service to improve or expand their business, and the same activities could be carried out at a more cost effective rate by working with freelance consultants. PUM has a more ideological point of departure; as opposed to helping business environments and foreign enterprises, it has more of a diplomatic leaning. The normal matchmaking activities – single applications – are now carried out by PUM. Only matchmaking activities that might lead to a Public Private Partnership (PPP), such as the Facility for Sustainable Entrepreneurship and Food Security FDOV (carried out by RVO) are executed by RVO. Also matchmaking activities that are part of a trade mission are financed by RVO funds.

1.4. Evidence of complementarity and/or overlap between the measure and other policy measures

The Matchmaking Facility seems to have no overlaps with other measures, but is complementary to other measures and instruments. For several instruments, business relations are required between Dutch and foreign companies. The MMF is an instrument that helps to increase the effectiveness of other instruments (such as subsidy programmes). The MMF makes it possible for applicants from developing countries to work together with Dutch entrepreneurs to access other policy measures and subsidies offered by the RVO. Entrepreneurs from developing countries and emerging markets who are looking for a business partner in relation to one of the other RVO instruments like the Sustainable Water Fund (FDW), the Facility for Sustainable Entrepreneurship and Food Security (FDOV), the Dutch Good Growth Fund (DGGF) and the Development Related Infrastructure Investment Vehicle (DRIVE) can apply for the MMF facility, whilst other matchmaking requests will be forwarded to the PUM facility.

2. Content

2.1. Objectives of the measure

The MMF has no formal, specific objectives (in terms of measurable aspects, such as the number of companies to be supported or relationships to be established). This is due to the fact that the MMF was a part of a package of 10 instruments which were introduced to improve the business climate in developing countries and to improve relationships between these countries and the Netherlands. On the website of the Netherlands Enterprise Agency the aim of the MMF is formulated as follows: ‘to establish structural, long-term business relationships between entrepreneurs from developing countries and Dutch entrepreneurs.’

2.2. General description of the measure

The embassy in a target country hosts an event to inform local entrepreneurs of measures and possibilities in the Netherlands for local businesses. The interested entrepreneurs fill in a form

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1 PUM stands for ‘Programma Uitzending Managers’ which is Dutch for ‘Manager Deployment Programme’. However, as they have long since ceased deploying only managers (they currently also work with specialists and entrepreneurs), they nowadays apply the abbreviation with the addition Netherlands senior experts
provided by the embassy to apply for participation in the MMF, which the embassy checks and processes. The MMF then receives the application and checks this on the basis of several criteria. If the MMF accepts the application, they employ a freelance consultant, with expertise relevant to the foreign entrepreneur’s area of work. This consultant searches for partners in the Netherlands. The consultant screens potential partners, and the MMF then screens these partners again to make sure they are appropriate and suitable for the applying SME in the developing country. The MMF then facilitates the communication between the Dutch enterprises identified with the foreign entrepreneurs making use of the MMF. The MMF consultant assists in developing a programme for the visit by foreign enterprises. The MMF consultant also helps in arranging the meetings between foreign entrepreneurs and Dutch enterprises, and assists during those meetings as well. The RVO, which runs the MMF, bears the costs for these consultants themselves, where the PUM organisation employs volunteers. The entrepreneurs from developing countries pay for their visits to the Netherlands themselves.

2.3. Available budget
Information on the budget is only available from the evaluation of the MMF in 2010 and refers to 2007-2009. 2007 was the actual starting year following the pilot in 2006. According to the evaluation the following MMF budgets were approved.

Table 1: Approved budgets of the Match Making Facility (2007-2009)

<table>
<thead>
<tr>
<th></th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>Implementation costs</td>
<td>€ 165,582</td>
<td>€ 340,008</td>
<td>€ 380,035</td>
</tr>
<tr>
<td>Programme costs</td>
<td>€ 165,000</td>
<td>€ 375,000</td>
<td>€ 479,000</td>
</tr>
<tr>
<td>Total budget</td>
<td>€ 330,582</td>
<td>€ 715,008</td>
<td>€ 859,035</td>
</tr>
</tbody>
</table>


The actual costs of the MMF were as follows. The actual costs were lower than the budgets because fewer applications than projected were received.

Table 2: The actual costs of the Match Making Facility (2007-2009)

<table>
<thead>
<tr>
<th></th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>Implementation costs</td>
<td>€ 108,662</td>
<td>€ 358,294</td>
<td>€ 399,837</td>
</tr>
<tr>
<td>Programme costs disbursed</td>
<td>0</td>
<td>€ 57,000</td>
<td>€ 343,000</td>
</tr>
<tr>
<td>Total</td>
<td>€ 108,662</td>
<td>€ 417,302</td>
<td>€ 742,837</td>
</tr>
</tbody>
</table>


2.4. Target groups of the measure
The target group of the MMF are enterprises in developing countries which are looking for export and import markets in the Netherlands, capital or other forms of investment. Applications by foreign enterprises are submitted to the MMF which assesses an entrepreneur’s application based on several criteria (see section 4.2. on the process of application for further detail). The measure is open to all sectors though it is mainly used by enterprises in the agri and food sectors.
In 2007, the MMF worked in 39 countries. In 2017, the target group consists of the so called DGGF countries (Dutch Good Growth Fund). In total, enterprises from 68 developing countries can apply for the MMF. The DGGF countries include the following.

### Table 3: Target countries of the Match Making Facility

<table>
<thead>
<tr>
<th>Country</th>
<th>Country</th>
<th>Country</th>
<th>Country</th>
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</thead>
<tbody>
<tr>
<td>Afghanistan</td>
<td>Egypt</td>
<td>Libya</td>
<td>Rwanda</td>
</tr>
<tr>
<td>Algeria</td>
<td>Eritrea</td>
<td>Madagascar</td>
<td>Sierra Leone</td>
</tr>
<tr>
<td>Angola</td>
<td>Ethiopia</td>
<td>Malawi</td>
<td>Sao Tome and Principe</td>
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<tr>
<td>Armenia</td>
<td>Gambia</td>
<td>Mali</td>
<td>Senegal</td>
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<tr>
<td>Bangladesh</td>
<td>Georgia</td>
<td>Moldova</td>
<td>Somalia</td>
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<tr>
<td>Benin</td>
<td>Ghana</td>
<td>Mongolia</td>
<td>South Africa</td>
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<tr>
<td>Bhutan</td>
<td>Guatemala</td>
<td>Morocco</td>
<td>South Sudan</td>
</tr>
<tr>
<td>Bolivia</td>
<td>Guinea</td>
<td>Mozambique</td>
<td>Sri Lanka</td>
</tr>
<tr>
<td>Burkina Faso</td>
<td>Haiti</td>
<td>Myanmar</td>
<td>Suriname</td>
</tr>
<tr>
<td>Burundi</td>
<td>India</td>
<td>Nepal</td>
<td>Tanzania</td>
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<tr>
<td>Cambodia</td>
<td>Indonesia</td>
<td>Nicaragua</td>
<td>Togo</td>
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<tr>
<td>Cape Verde</td>
<td>Jordan</td>
<td>Niger</td>
<td>Tunisia</td>
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<tr>
<td>Chad</td>
<td>Kenya</td>
<td>Nigeria</td>
<td>Uganda</td>
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<tr>
<td>Colombia</td>
<td>Kosovo</td>
<td>Pakistan</td>
<td>Vietnam</td>
</tr>
<tr>
<td>Côte d’Ivoire</td>
<td>Laos</td>
<td>Palestinian Territories</td>
<td>Yemen</td>
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<tr>
<td>Democratic Republic of Congo</td>
<td>Lebanon</td>
<td>Peru</td>
<td>Zambia</td>
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<tr>
<td>Djibouti</td>
<td>Liberia</td>
<td>Philippines</td>
<td>Zimbabwe</td>
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</tbody>
</table>

*Source: [http://english.dggf.nl/country-list](http://english.dggf.nl/country-list)*

### 3. Relevance of the measure to SMEs/born globals and internationalisation

#### 3.1. Relevance in relation to different types and stages of internationalisation

The MMF is a facility that helps to bring together Dutch enterprises (including SMEs) with entrepreneurs in developing countries who are looking for business partners in relation to other programmes of the Netherlands Enterprise Agency. The MMF is focussed on entrepreneurs in developing countries with some experience with export and importing. It gives entrepreneurs in developing countries the opportunity to get in contact with Dutch enterprises, which in turn gives the Dutch enterprises opportunities for new business (investment or trade) in these developing countries. In this way the MMF contributes to promoting exports, facilitates international research and mapping activities for enterprises, and can help in procuring foreign direct investment (depending on the partners and the type of international cooperation sought by the foreign entrepreneur in question). These opportunities would not be apparent without the new relationships that are made possible by the MMF.
3.2. Support for cooperation between SMEs/born globals and wider international collaboration (if any)

The aim of the MMF is to establish new business relations between entrepreneurs in developing countries and Dutch enterprises.

3.3. Contribution of the measure to tackle SMEs'/born globals' internationalisation support needs

The MMF contributes to the needs of entrepreneurs in developing countries to find suitable Dutch enterprises for new business relations. The measure tackles problems of these entrepreneurs in finding suitable Dutch enterprises. These entrepreneurs lack the information and channels required to find Dutch business partners in order to access other support instruments in the Netherlands. The MMF tackles this lack of information and channels.

4. The operation of the measure

4.1. Promotion of the measure to internationalising businesses

Promotion of this measure takes place via the website of the Netherlands Enterprise Agency (RVO) and through the embassies in foreign countries. Embassies are the main channel for enterprises in developing countries to access the MMF measure. Embassies promote the MMF through presentations in seminars and networking events. Although the embassy is the main channel, there might also be other organisations that are aware of the MMF and promote it, but no specific information was found in relation to this.

4.2. The process of application and assessment of applications

Entrepreneurs in developing countries can apply by submitting an intake form to the Matchmaking Facility in the Netherlands of the local Dutch Embassy. The application should include a clear description of the profile, role and expected contribution of prospective Dutch partners. The criteria for a foreign entrepreneur to be allowed to apply include: being an SME (maximum of 250 employees), at least five employees, at minimum revenue of €1 million, a good level of English, certain standard of ICT in the business, some experience with exporting and to be a socially responsible entrepreneur (proven with a declaration). The time needed for the process differs per application. No information was found on the actual time needed.

4.3. Delivery mechanism of the measure

The measure is delivered by the MMF, which is a measure set up by the Netherlands Enterprise Agency (RVO). The MMF works together with the Dutch embassy in the country of the applicant in delivering the measure to beneficiaries. The embassies host information events for the entrepreneurs to promote the measure, and are the ones to receive the applications by foreign entrepreneurs. If the application is approved by the MMF, it will begin identifying suitable Dutch business partner(s). Dutch experts (freelance consultants) with relevant expertise are involved in the identification process.

4.4. Administration of the measure

The MMF is a part of the Netherlands Enterprise Agency (RVO) and so ultimately, the RVO is responsible for the administration of the measure. The embassies receive the applications and they assess these together with RVO.

The Netherlands Enterprise Agency is part of the Ministry of Economic Affairs and works at the instigation of ministries and the European Union.
5. Monitoring and evaluation

5.1. Monitoring of the implementation and take-up of the measure: method and contents
The Netherlands Enterprise Agency (RVO) is part of the Ministry of Economic Affairs and regularly reports to the Ministry of Foreign Affairs on their activities, including those of the MMF, and the outcomes thereof. These activity reports are not publicly available. The details reported include the number of requests and applications made to the MMF, and the number of enterprises that visited the Netherlands through the MMF. However, it is important to note that currently (as of 2017), though the MMF still runs, they are not very active. The majority of the activities have been taken over by the PUM.

5.2. Evaluation of the measure: methods and contents
The MMF was evaluated once. This was a combined evaluation in 2010 of the PSOM/PSI and the MMF. At that time the MMF was in place for only a few years. The reference period of the evaluation (Triodos Facet, 2010) of the MMF was 2007-2009. For the evaluation of the MMF, consultants reviewed MMF documents, products and data (such as number of applications and established contacts, and costs), carried out an internet survey (related to aspects such as results, quality of the services, information sources and motivation for application) among all MMF applicants and carried out interviews with MMF staff and MMF consultants.

5.3. Any changes to the content or delivery of the measure following monitoring and evaluation
In the evaluation the efficiency was considered low and the results did not meet the proposed targets. While the MMF did not have specific objectives for monitoring, the organisation had estimates of how many applicants and participants they expected to receive. The number of applications was lower than expected and the costs per application were higher than expected.
Since targets were not met during the evaluation period, the targets were adjusted.

6. Evidence of outcomes and impact

6.1. Evolution of the measure’s spending
See 2.3. No more recent information on the budgets is publicly available.

6.2. The quantitative and qualitative outcomes of the measure
In the period 2007-2009, € 1,266,793 was spent. The MMF programme received 457 applications. 277 applicants were approved and for 174 of these applicants matches were found. No more recent information on outcomes is publicly available.

6.3. Impact of the measure on its beneficiaries and other actors
The purpose of the MMF is to locate a business partner for companies from developing countries in the Netherlands in order to start business relations. When the contacts have been established and visits are carried out, the task of the MMF has been completed. The results and the impacts of the business relations are not monitored. Furthermore, impacts are realised only much later after the business relations are established and it might also be difficult to attribute them directly to the intervention of the instrument.
6.4 Evidence of economic and employment impact

No evidence is available on economic and employment impact. As previously mentioned, the results and the impacts of the business relations are not monitored and impacts are realised much later after the business relations are established.

7. Strengths and weaknesses of the measure

7.1. Strengths of the measure

Entrepreneurs from developing countries have the chance to make contacts with Dutch entrepreneurs (who might establish long term business relations or who might invest in the developing country) and gain access to the Dutch market. An advantage of the broad scope related to targeted enterprises is that interesting opportunities are not initially missed. However, there is some limitation of the scope since the enterprises have to meet some criteria as mentioned in section 2.4.

Experienced consultants are deployed to find relevant companies for new business relations and to organise visits from the foreign entrepreneur to the Netherlands and the Dutch companies.

The MMF is an instrument that supports the access to other instruments (programmes, subsidy, etc.). As such, it might increase the effectiveness of the other instruments, although evidence is missing due of lack monitoring and evaluating.

The measure also provides the Netherlands and Dutch enterprises with international connections. The measure is easily transferable to other countries, although information on the effectiveness and impact of the measure is lacking. This makes it difficult to judge whether the instrument might be effective in other countries.

7.2. Weaknesses of the measure

Foreign companies often appeared to have too high expectations when visiting the Netherlands. They often assumed that (because it was financed by the government) they could immediately sign contracts. It is, however, rather an orientation phase for the companies. In these cases the foreign entrepreneurs were disappointed. This means that there is a weakness in the communication of the instrument and in the communication related to the visits.

The consultants are paid for orientation, for drawing up long and short lists of suitable and interested enterprises in the Netherlands and for the visiting programmes. They therefore have an interest in continuing the visits, also in case where visits are expected not to be very effective. For some applications, there appeared to be little interest from companies in the Netherlands, and therefore these visits by foreign entrepreneurs were disappointing.

The lack of monitoring and evaluation can be seen as a weakness.

No information is available on administrative burdens.

7.3. Evidence of policy learning over time

Since 2013, a clear profile is identified in advance with the consultant. This profile indicates what the consultant is going to do, in what markets and for what products. This enables the expectations to be better managed.
8. Recommendations

8.1. Overall recommendations regarding the measure

It is important to manage the expectations in advance, as mentioned under 7.2. Local foreign entrepreneurs should also prepare themselves better and do research in their own country and on market access requirements and market opportunities. To achieve this, some of these aspects might be included in the application/eligibility criteria. The impacts of the measure should be monitored in order to measure the effectiveness of the MMF.

8.2. Recommendations on the national support system for SME/born globals’ internationalisation

In the Netherlands, there are several support programmes for different stages of internationalisation. This is important to help enterprises to overcome bottlenecks and risks in entering unknown foreign markets. More specifically, the MMF is a complementary instrument to other instruments. The MMF was introduced to improve the effectiveness and access to other support programmes. It is important that there are follow-up programmes to support enterprises where needed for further internationalisation. Otherwise the MMF could not be effective, although this is not monitored and evaluated.

8.3. Any gaps in the provision of policy support and suggestions

In the Netherlands, there are several support programmes for different stages of internationalisation. There appear to be no important gaps. It is important to adapt the support programmes to developments and changing situations.
References

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