
***Evolving Models and Business Practices in
the Design, Delivery and Monitoring of
Business Development Services to
Micro and Small Enterprises in the Philippines***

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in partnership with

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Disclaimer

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Summary of Abbreviations

B2B – business to business

BDS – business developments services

CARD – Center for Agricultural and Rural Development

CCT – Center for Community Transformation

CORDNET – Cordillera Network of NGOs and Pos

MF – microfinance

MFI – microfinance institution

MSE – micro and small enterprises

MUAD – Multi-Sectoral Alliance for Development

NGO – non-government organization

PBSP BAP – Philippine Business for Social Progress's Business Advisory Program

PCCI – Partnership and Access Centers Community Consortium, Inc.

PDAP – Philippine Development Assistance Program

PEF – Peace and Equity Foundation

PRIME – Promoting Rural Industries and Market Enhancement Program

SE – small enterprise

UMFI – Upland Marketing Foundation, Inc.

Introduction

The delivery of business development services (BDS) for micro and small enterprises (MSEs) has received much attention these past ten years. This attention results from the growing recognition by microfinance institutions and others involved in MSE development that the poor, in order to establish, operate and eventually grow their businesses, need more than access to loans and credit. While financing continues to play a critical role in enterprise development, the delivery of non-financial services, also called BDS, has become an increasingly important component of MSE development initiatives and interventions.

BDS include all support and other services needed by MSEs to successfully carry out their business operations. These services include not only capacity building focused on the skills and knowledge of the owners of the MSEs and the actual businesses they have set up but also on services that link these MSEs to markets and establish an environment under which they can flourish. The Small Enterprise Education and Promotion Network has identified seven general categories of BDS-- market access, infrastructure, policy/advocacy, input supply, training and technical assistance, technology and product development and alternative financial mechanisms.ⁱ

Training and technical assistance services have been the traditional BDS delivered to MSEs by NGOs, microfinance institutions and other providers in the Philippines. Popular training and technical assistance services for MSEs include basic courses in entrepreneurship and key business functions (bookkeeping, marketing, etc.). These have been delivered primarily within development projects funded through grants. In recent years and in response to MSE needs and circumstances, however, new forms of BDS and new delivery models and approaches have surfaced. BDS have expanded to include mentoring, product development, access to information and communication technology (ICT) and others. Direct BDS interventions have also featured the development of input supplies as well as market development activities (participation in trade fairs and exhibits, development of promotional and advertising materials, etc.). These BDS, provided primarily under grant-funded projects, have been delivered free of charge or heavily subsidized.

BDS providers around the world, however, have started to realize the shortcomings of the traditional subsidized model – a) organizations can reach only a limited number of MSEs, b) BDS delivery can not be sustained beyond the life of projects through which they are funded and c) the cost to impact ratio of this model is quite high. As a result, a number of different approaches have been developed. These approaches include 1) the market facilitation model, in which efforts are made to develop local markets for BDS and have BDS delivered by commercial providers, and 2) a variety of systems approaches, where the BDS are embedded and bundled (and thus costs are recovered) with business transactions.

Given limited resources and an increasing emphasis by donors and development organizations on sustainability, organizations involved in MSE development face a number of challenges in their efforts to support MSE startup and growth to the point that the poor will benefit from increased incomes and opportunities. Major challenges they face include:

- Choosing from an expanding array of BDS initiatives and interventions,
- Varied needs of beneficiaries that do not permit wholesale types of approaches,
- Changing markets and environments in which the enterprises are expected to survive and grow in,
- High costs of delivering certain BDS,
- Inability or unwillingness of beneficiaries to pay for such services,
- Difficulty in monitoring, evaluating and documenting the impact of such services.

The major challenge, however, continues to be the fact that the successful delivery of specific BDS can still fail to achieve MSE development objectives for as long as there are continuing gaps in individual skills and knowledge, business capacity and/or the enabling environment. It is for this reason that most development-oriented BDS providers end up providing an array of services rather than just a single service.

To assist BDS providers deal with these challenges, Pinoy ME Foundation undertook a research study to look into general international trends in the delivery of BDS as well as into the practices, experiences of and lessons learned by ten (10) development organizations -- all NGOs, that have provided and continue to provide BDS, as a major component of their programs.

The organizations that have been interviewed within this research study include

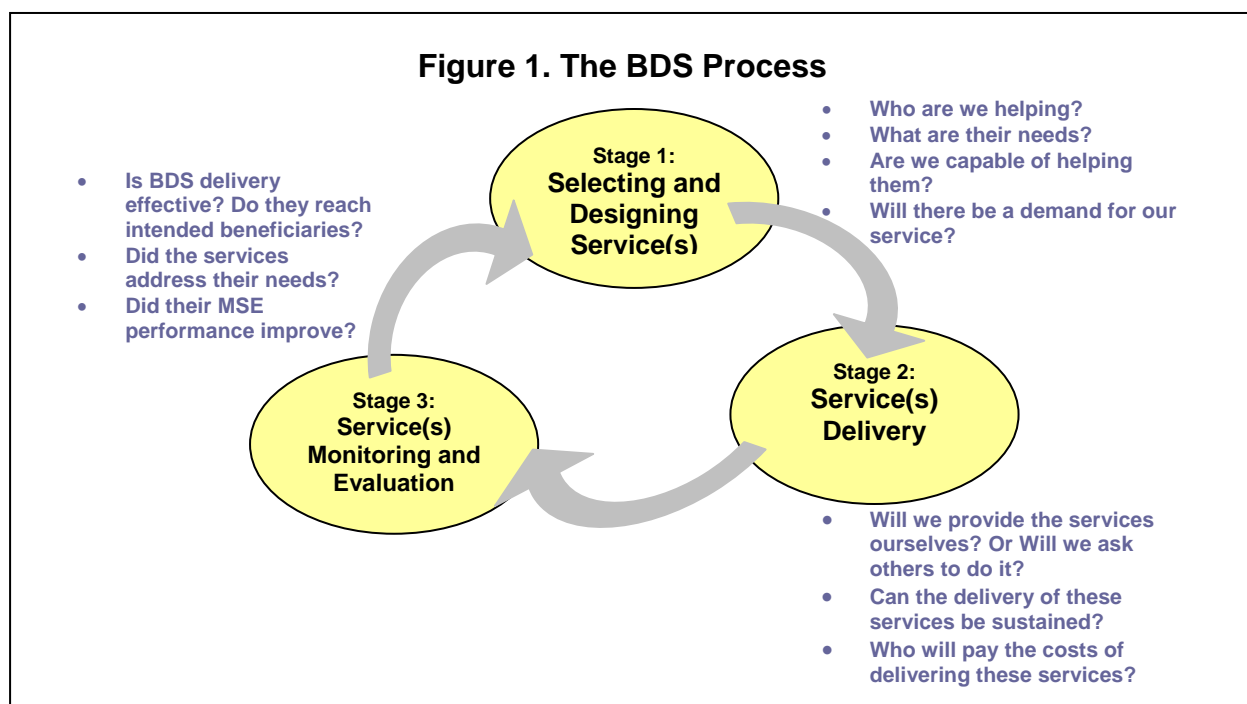
- three (3) microfinance institutions (Center for Community Transformation, Center for Agriculture and Rural Development and TSPI Development Corporation),
- three (3) business development services providers (INSOL Development Corporation, the Business Advisory Program of the Philippine Business for Social Progress and the Upland Marketing Foundation, Inc.),
- two (2) NGO networks (Federation of Multi-Sectoral Alliance for Development (MUAD) -- Negros and Cordillera Network of Development NGOs and POs),
- one (1) rural enterprise development NGO (Philippine Development Assistance Program) and
- one (1) for-profit social enterprise (Environment Community Hope Organization Store, ECHO Store).

The BDS Process

Development organizations involved in providing BDS to their beneficiaries often follow a process which we will refer to in this report as “The BDS Process”. This process, in its simplest form, is illustrated below (Figure 1) and has three stages, each of which has a number of issues that need to be addressed.

The BDS Process begins when the organization considers the possibility of providing some sort of BDS to the beneficiaries of its programs. The consideration by a NGO or a nonprofit to provide BDS is usually a response to the recognition that the impact of the organization’s programs is hampered or compromised by gaps in the capabilities of the beneficiaries or the absence of key factors that would improve the operations, profitability and/or growth of their beneficiaries’ enterprises. In some cases, however, the BDS response to these gaps is the main purpose of the organization (as in the case of INSOL) or a new organization is spun off to deliver the BDS (as in the case of UMFI).

During the selection and design stage, the organization identifies their beneficiaries, assesses beneficiary needs and demand for BDS and develops the BDS products and services they intend to deliver. There are a number of tools and processes available to organizations for the design of BDS interventions.



The second stage of the BDS Process involves the actual delivery of the BDS. The provider organization's concerns shift away from beneficiary needs and BDS product development and focus on delivery issues such as logistics, costs and sustainability. At this stage, the organization will make the decision to deliver the BDS itself or to engage others to do this. It will also have to consider who will be providing or delivering the services and how the costs of delivering the services will be covered. As will be discussed in greater detail later in this report, there are three delivery approaches that have evolved over time -- 1) the direct delivery approach, 2) the facilitation/market development approach and 3) the systemic approach.

From the 1980s to the 1990s, BDS were normally delivered directly by the agencies implementing development programs and projects. These services were provided to MSEs free of charge or heavily subsidized. Over time, however, BDS providers around the world began to realize that this traditional subsidized model had a number of shortcomings – a) organizations could reach only a limited number of MSEs, b) BDS delivery could not be sustained beyond the life of projects through which they were funded and c) the cost to impact ratio of this model was quite high.

As a result, a number of different delivery approaches have evolved. These approaches included 1) the market facilitation approach, which was promoted starting the late 1990s to the early 2000s and under which organizations are encouraged to develop local markets for BDS and have BDS delivered by commercial providers, and 2) a variety of systems approaches (post 2002), where the BDS were embedded and bundled (and thus costs were

recovered) with business transactions. ⁱⁱ While BDS delivery in the Philippines remains predominantly direct, more organizations are adopting market facilitation and systems approaches.

The BDS process, however, does not end with service delivery. Monitoring and evaluation, the third stage of the process, is becoming increasingly important given the critical role that BDS plays in many enterprise-based poverty alleviation initiatives. With ever-growing investments in BDS interventions, development organizations and donors are most interested in:

- a) Performance – How efficiently and effectively the services were delivered to their intended audiences, and
- b) Impact – How BDS interventions translate into livelihood and business opportunities, economic growth and increased employment among the poor, and
- c) Client Satisfaction – How much value clients place on the BDS.

The results of BDS monitoring and evaluation confirm or correct organizational information generated by market research conducted prior to the delivery of services. These results are used to make decisions to a) continue service delivery, b) terminate service delivery or c) change the types of services or the manner in which these services are delivered.

Table 1 below shows the BDS providing organizations that have been interviewed for this study, the kind of organization they are, the major services they provide and the delivery approaches they utilize.

Table 1. Summary of Organizations Interviewed

Organization	Type/ Area of Operation	Major BDS Provided	BDS Delivery Approach
Center for Community Transformation (CCT)	Microfinance Institution/ Across Philippines	Mentoring, business model/franchising, bulk supply/sourcing, training	Direct, services provided to microfinance clients
Center for Agricultural and Rural Development (CARD)	Microfinance Institution/ Across Philippines	Business format, bulk supply/sourcing, training	Direct, services provided to microfinance clients, studying systemic approaches
TSPI Development Corporation	Microfinance Institution/ Primarily Luzon	Training, mentoring, technical assistance, input supply, market linkages, market research, product development	Direct, services provided to microfinance clients, some facilitation, studying systemic approaches
INSOL Development Corporation	Business support services/ Metro Manila, Southern Luzon	Training, business incubation, business services centers, product	Direct, services provided primarily to microfinance clients of Ahon Sa

		development, mentoring, market linkages, technology, advocacy	Hirap, Inc. (ASHI)
Federation of Multi-Sectoral Alliance for Development – Negros (MUAD)	NGO Network/ Negros Island	Training, technology transfer, marketing, product development, input supply, trade fair participation, community/cluster development	Direct, also facilitates services provided by its member NGOs and other organizations, initiating systemic approaches through PCCI
Cordillera Network of Development NGOs and POs (CORDNET)	NGO Network/ Cordillera Region	Trade fair participation, product showroom, training, community/cluster development	Direct, also facilitates services provided by its member NGOs and other organizations, initiating systemic approaches through PCCI
Philippine Development Assistance Program (PDAP)	NGO/ Across the Philippines	Training, technology transfer, community/cluster organization, market linkages, organization of industry associations, policy advocacy,	Direct, also facilitates delivery of BDS services, initiating systemic approaches
ECHO Store	Private Social Enterprise/ Across Philippines	Training, advocacy, product development, marketing	Market player (systemic)
PBSP – Business Advisory Program	Specific Program within an NGO/ Across the Philippines	Advisory Services provided by volunteers	Direct services
Upland Marketing Foundation, Inc.	NGO/ Across the Philippines	Product development, marketing, input supply	Market player (systemic)

Stage 1: Selecting and Designing Services

In selecting and designing BDS for MSEs, organizations should carefully consider 1) the target beneficiaries, 2) the organization itself and 3) the environment in which the services will be provided.

Who are we helping?

BDS providers employ various means to identify their target beneficiaries. These are normally referred to as “program approaches”. These program approaches, labeled on the basis of major program influence, include:

- **Sub-sector Led:** These BDS programs are established following the choice of sub-sectors that show promise of high MSE growth or that have the potential to generate significant levels of employment.
- **Demand Led:** These BDS programs are determined by the demand for specific services.
- **Target Population Led:** These BDS programs are focused on specific target populations.
- **Services Led:** BDS programs that are based on the replication of services that have been provided successfully by the organization in the past.
- **Supplier Led:** If the organization itself does not deliver or provide the services, these BDS programs are determined by the direct providers.
- **Broad Economic Development:** These BDS programs are driven by cross-sector situations.ⁱⁱⁱ

While beneficiary needs determine the types and kinds of services that an organization may decide to provide its beneficiaries, organizational capabilities and program emphasis determine the design of the BDS program. Most NGOs in the Philippines, given their mission statements, are focused on specific segments (in terms of geographic area, primary occupation or income level) of the poor. For this reason, it is no surprise that most BDS programs are target population-led. Of the ten organizations interviewed for this study, three are not target population-led. PDAP, because of its PRIME Program, focuses on specific subsectors with the goal of developing rural industries. ECHO Store, on the other hand, applies the marketing and product development skills of its founders, to benefit community-based producers. UMFI, focusing on the marketing of commodities, is also subsector-led.

Organizations whose programs are “services-led” are INSOL and PBSP-BAP. INSOL’s BDS program is driven by what kind of services it can deliver. As a result, INSOL has, over the years, been able to develop quite an array of very useful and innovative services for MSEs. The advisory services offered by PBSP-BAP are also considered service-led since the program is the continuation of a CIDA-funded program and continues to be based on the organization’s roster of volunteer advisers.

Microfinance institutions, in general, have used the “Target Population Led” program approach – with their target populations defined as their existing loan clients, primarily women who are in various stages of establishing and running small livelihood and enterprise activities. The microfinance institutions we talked to recognized that, even with access to credit, many startup businesses fail in a matter of months due to poor recordkeeping and the absence of very basic business planning and management skills. In fact, significant numbers of women microfinance clients say that they drop out of microfinance programs due to the

failure of their businesses. These microfinance institutions have recognized the need to develop BDS programs addressing the needs of their clients.

Common BDS offerings for MFI clients have therefore included courses in livelihood activities, organizing a business, bookkeeping, marketing and other “how-to’s”. MFI programs also focus on values formation, particularly those having to do with community and credit responsibilities. Through these courses, MFIs recognize that they can enhance the impact of their financial services by providing their women clients not only with basic skills, knowledge and information but also with social capital that would help mitigate their vulnerability.

Meanwhile, PDAP, MUAD and other NGOs involved in rural development decided to initiate BDS programs recognizing that increases in agricultural productivity did not necessarily translate into greater economic benefits for farmers. Increases in productivity without corresponding expansion of markets can actually cause declines in farmgate commodity prices as local markets are unable to absorb greater volumes.

A number of NGOs have invested significant effort and considerable resources developing “Subsector Led” programs geared to help farmer communities increase the value of their produce and have access to new markets. MUAD, CORDNET and many MFIs have provided product development, packaging and brand development assistance to their beneficiaries. For many years now, they have also provided their clients with opportunities to participate in national and international trade fairs. UMFI and ECHO Stores, meanwhile, have proactively responded to these needs by taking it upon themselves to become involved in the marketing and distribution of client products.

Determining and addressing beneficiary needs, nevertheless, can be a very challenging undertaking given the uniqueness of the specific enterprises, the personal circumstances of the beneficiaries and the locations they operate in. Meanwhile, the type of services an organization provides and the manner in which they will be delivered are also dictated by the organization’s own capabilities, the services it already provides or is able to provide and its financial, human and other resources. Finally, the environment, in terms of critical factors such as the presence of other providers, existing infrastructure and access to facilities, also exerts a strong influence on BDS selection and design.

What are their needs?

Beneficiary needs for BDS are shaped by three (3) factors -- their personal circumstances, the nature of their business and the geographic area they are in. The endless possible combinations of circumstances under these three factors contribute to making each and every business practically unique. This has been one of the major challenges facing BDS providers.

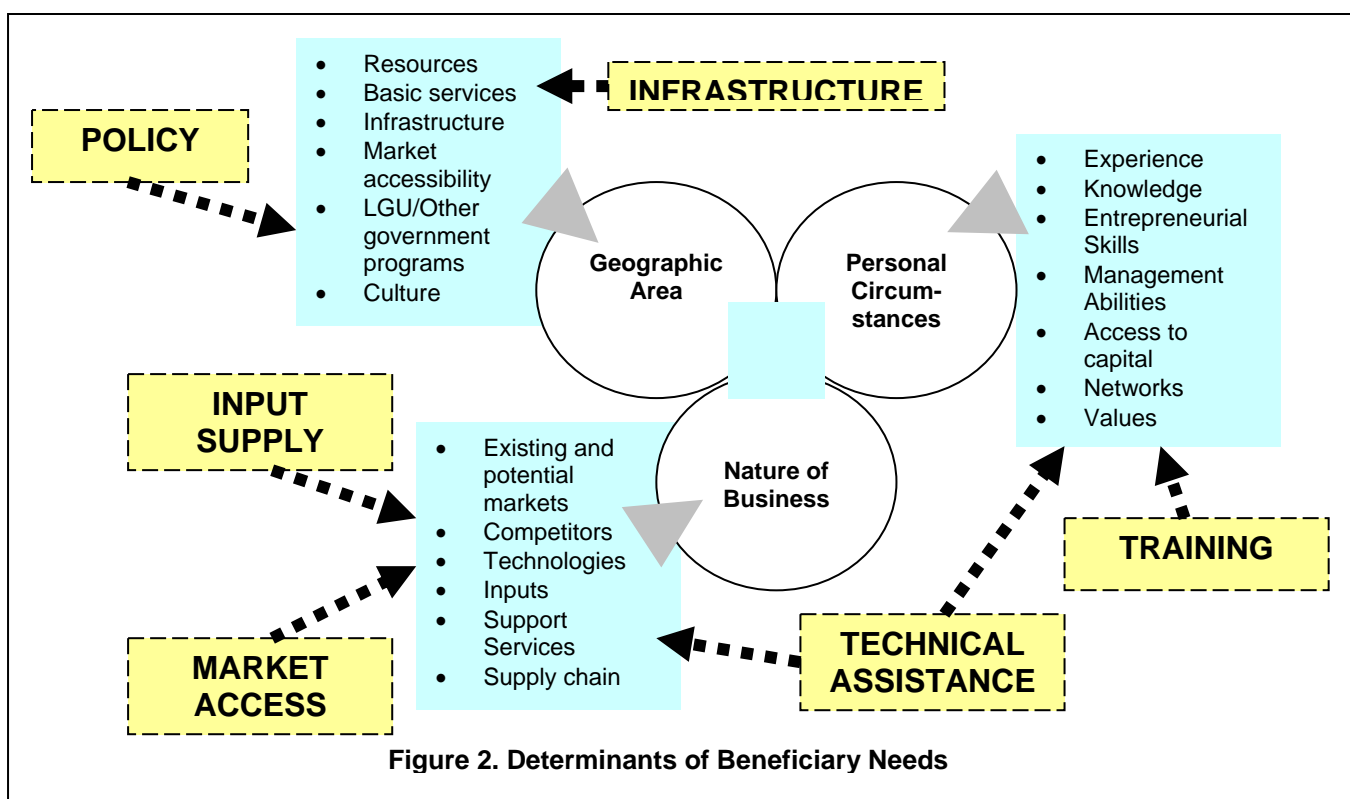
The personal circumstances of beneficiaries include – their experience, knowledge, entrepreneurial skills, management abilities, access to capital, networks and values. Very often, these are the needs that are addressed by training and technical assistance BDS.

The nature of the specific business that a beneficiary is involved in determines needed market access and input supply BDS. Every type of business, even one classified as MSE, has its own idiosyncrasies in terms of customers, markets, capital requirements, input requirements, competition, membership in supply chains and profitability. To address gaps that are brought about by the specific nature of the MSE business, BDS providers will have to provide

specific services such as technology transfer, input supplies, marketing support and market linkages. For example, to address the specific gaps in the organic rice businesses of its communities, PDAP has arranged, within organic rice and muscovado supply chains, connections with local market consolidators, organized clusters of microenterprises, helped establish quality control standards and, through its partners, provided product development and packaging support. MUAD, after identifying organic papayas as most suitable for its beneficiaries, not only provided them with the technology packages but also put a high priority on the marketing of fresh organic papayas and on the establishment of a processing plant. CORDNET, meanwhile, maintains an outlet for the products of its member communities in the SM Mall in Baguio City.

Finally, the impact of the MSE's location on its business is also significant. Distances from markets, quality of farm-to-market roads, availability of reliable electricity, communication and other infrastructure have a significant influence on the competitiveness of MSE products. Other geographic factors affecting MSEs include the support provided by local government units and national government agencies for businesses in general and MSEs in particular. For example, organic rice clusters organized by PDAP in the Davao area may never be able to obtain organic certification for their produce due to the aerial spraying of insecticide over banana plantations located near or adjacent to their areas. Unfortunately, local governments are unable to control such aerial spraying.

The interaction between these various elements and specific types of BDS is illustrated in the Figure 2 below:



In the Philippines, development programs have traditionally focused their BDS on the personal circumstances of their beneficiaries. For this reason, most BDS have focused and continue to focus on training, education, technical assistance, extension and other similar

interventions. While these services are valuable and reflect the continuing desire of Philippine development organizations to empower the poor and increase their personal capital, it has become increasingly evident that other interventions are needed to address the lack of infrastructure, weak social capital and poor access to inputs and markets for the poor and their communities to achieve their economic potential.

Presented in Table 2 below are the declared beneficiaries of the institutions interviewed for this study. From this table, it is evident that the BDS provided by MFIs to their clients will focus more on support for distribution and retailing as compared to the other NGOs dealing with rural enterprises. BDS providers to rural enterprises will focus on production, product development and marketing.

Table 2. Beneficiaries and Businesses of Interviewed Organizations

Organization	Beneficiaries	Types of Business
Center for Community Transformation (CCT)	Women groups	Primarily retailing (sari sari stores)
Center for Agricultural and Rural Development (CARD)	Women groups	Primarily retailing (sari sari stores)
TSPI Development Corporation	Women groups	Primarily retailing (sari sari stores)
INSOL Development Corporation	Women groups	Primarily retailing (sari sari stores)
Federation of Multi-Sectoral Alliance for Development – Negros (MUAD)	Farmer groups	Rice, sugar and other farming
Cordillera Network of Development NGOs and POs (CORDNET)	Community-based enterprises	Weaving, coffee, handicrafts, vegetables
Philippine Development Assistance Program (PDAP)	Rural community enterprises	Farming – rice, muscovado and seaweeds
ECHO Store	Community-based enterprises	Light manufacturing/processing
PBSP Business Advisory Services	MSEs	Sectors selected include: Agribusiness, Tourism, Food and Light Manufacturing
Upland Marketing Foundation, Inc.	Community-based enterprises	Farming and agribusiness - - Organic rice, processed food (jams, etc.), muscovado, cashew and others

Are we capable of helping them?

The level of resources allocated to the delivery of BDS also significantly influences the nature and extent of an organization’s BDS program. Table 3 presents the estimated

beneficiary numbers of the ten organizations studied and the corresponding number of staff allocated to BDS delivery.

Table 3. Estimated Number of Beneficiaries and Program Approaches Applied

Organization	Present Est. Number of Beneficiaries	Cumulative Est. Number of Beneficiaries	BDS Staff	Program Approach
Center for Community Transformation (CCT)	MF clients specified, BDS beneficiaries not specified	MF clients specified, BDS beneficiaries not specified	2	Target population led
Center for Agricultural and Rural Development (CARD)	4,000	Program just started, roughly the same	32	Target population led
TSPI Development Corporation	MF clients specified, BDS beneficiaries not specified	MF clients specified, BDS beneficiaries not specified	9	Target population led
INSOL Development Corporation	400 to 600	1,800 to 2,000	24	Target population led
Federation of Multi-Sectoral Alliance for Development – Negros (MUAD)	4,000	15,000	17	Target population led
Cordillera Network of Development NGOs and POs (CORDNET)	Number not specified, 3 provinces	2,000	2	Target population led
Philippine Development Assistance Program (PDAP)	43 communities	300 communities	9	Subsector led
ECHO Store	70 groups representing 7,000 individuals	Just started, same	10	Services led
PBSP Business Advisory Services	About 80 MSEs	Almost 500 MSEs	4 staff, 600 volunteer advisors	Services Led
Upland Marketing Foundation, Inc.	25 upland and other communities	40 upland and other communities	37	Services Led

From the information presented in the above and previous tables, it is evident that direct services provision requires larger numbers of staff and resources while organizations with limited resources normally consider facilitation approaches requiring them to network with other providers.

Will there be a demand for our service(s)?

Organizations providing BDS around the world are beginning to appreciate the need for more systematic approaches in the selection and design of these services. Among the methods in use are: client needs analysis, value chain/subsector analysis, consumer analysis, demand analysis, test marketing (pilot testing) and participatory rural appraisals. The information that such market assessments can obtain to support the selection and design process are:

- What kinds of MSEs use which type of service?
- What benefits do MSEs seek from the services?
- Are MSEs aware about these services?
- How big is the market for specific types of services?
- What percentage of services are paid for by MSEs? Embedded in transactions? Paid for by third parties through grants?
- How are services delivered?
- What service features do MSEs look for?
- Who are existing providers of BDS to MSEs?
- What products are currently available?
- What are strengths and weaknesses of current providers?

Unfortunately, conducting market assessments could be difficult in weak markets because MSEs have little awareness of formal business services and thus find it difficult to answer questions about their needs for such services and their potential demand or use for them. Some BDS providers, like TSPI, have, for this reason, relied on a combination of client surveys and focus group discussions as a primary tool for market assessment, followed by piloting BDS in chosen areas before these are eventually promoted throughout the organization's entire branch network.

Once an organization has chosen, on the basis of beneficiary needs and organizational capabilities, the BDS it would like to provide or deliver, it is encouraged to undertake market assessment before it designs its BDS program. BDS program design should be based on the understanding of existing markets – in order to effectively identify weaknesses and opportunities, to pinpoint local mechanisms for service delivery and payment, to choose the intervention strategies and instruments, to identify local institutions and networks to build on and to establish a baseline for measuring progress. Market assessments, undertaken correctly, will result in the following benefits for BDS providers:

- a) The BDS provider will be able to better estimate the market size for the proposed or intended BDS.
- b) The provider will have an important insight into the value placed by MSEs on the service. This will allow the BDS provider to prioritize the BDS offerings and design sustainability mechanisms.
- c) The provider will be able to appreciate how aware MSEs are about the service(s). A high level of awareness on the part of potential client MSEs represents ease of adoption and utilization of the services. It will also help the provider target the beneficiaries for the services.

- d) The information gathered from a well executed market assessment will contribute significantly to the BDS design and/or improvement process.

The World Bank Group's Committee of Donor Agencies for Small Enterprise Development highlights the following important considerations when doing a BDS market assessment:

- “What those in small enterprises are aware of, currently want and are willing to pay for, and what might be successfully marketed to them in the future. While recognising the difference between "perceived needs" and "real needs", appropriate weight should be given to perceived needs, relative to the more traditional expert assessment of real needs. Note also that it is difficult to determine willingness-to-pay in underdeveloped and/or distorted markets, and for services which are totally unknown locally, and that test-marketing may be more reliable than a survey;
- Differences in consumer segments, for example: which types of SEs are acquiring services, and which aren't; gender differences; differences in desired features of the services;
- Informal and indigenous sources of supply;
- Services bundled with other goods and services or delivered as part of business-to-business relationships;
- The potential crowding out (displacement) effect of direct or subsidized provision of services by donors and governments; and
- The evolution of BDS markets over time.”^{iv}

Miehlbradt (1999) identifies the following range of market research tools which may be helpful for BDS practitioners in developing, improving, and marketing BDS -- usage, attitude, image (UAI) market studies; focus group discussions; in-depth interviews; product concept tests; product prototype tests; price sensitivity tests; advertising research and advertising tracking studies; test marketing; user studies; and customer satisfaction surveys.^v

Miehlbradt's “Developing Commercial Markets for Business Development Services”, presents a discussion, diagram and excellent overview of the market assessment process.^{vi} The market assessment process he advocates follows six steps:

- Step 1:** Gather information on client awareness and usage, the characteristics of the expected users, desired benefits and features of the BDS and suppliers and service products.
- Step 2:** Form a picture of the BDS market – the use of the services, benefits of the services, competition among suppliers of the services, types of transactions.
- Step 3:** Analyze market problems – a) pinpoint supply side problems (not enough supply, inappropriate services, weak suppliers), 2) pinpoint demand side weaknesses (poor understanding of services by customers and potential customers, inability or unwillingness to pay for services, lack of knowledge about suppliers of the services)

- Step 4:** Identify market opportunities – are there services that the organization can provide?
- Step 5:** Prioritize weaknesses and opportunities
- Step 6:** Design interventions or address priorities.

In spite of the obvious importance of a formal market research effort as part of the BDS design and selection stage of the process, three of the ten organizations participating in this study have not conducted formal market research or market assessment activities as part of their BDS Process.

- CCT reports that their market research was primarily informal as a result of the fact that they did not have the in-house knowledge and skills to conduct formal market assessments. However, although no formal market research has been undertaken, the organization relies on feedback it receives from its microfinance account officers that work very closely with its clients. The organization believes that the weekly meetings held with clients provide the account officers with a good understanding of beneficiary needs. However, they also report that CCT staff now have the necessary skills for the planning and implementation of BDS.
- ECHO Store also reported that they rely more on the expertise of their founders to know which community products would do well in the market. They do not yet conduct formal market research in the selection of products to include in their stores. Since the company's services are focused on assisting community-based enterprises in packaging and product development, market research, at this stage of the company's development may not be a high priority. This is expected to change over time as the number of stores grows and as their suppliers' products evolve.
- INSOL, meanwhile, also does not conduct formal research as part of the process for deciding on their BDS offerings. They report that they decide on their service offerings on the basis of emerging client needs as well as their own observations. Like CCT, INSOL relies on the feedback they receive from clients who use their services. However, if and when INSOL shifts from relying on grants to cover their BDS to offering these services in exchange for fees, they will have no choice but to increase their investments in market research.

The other organizations, however, say they conduct some form of market research. Their market assessment methods and practices are quite varied as discussed below:

- CARD conducted, in 2004, research on bulk sourcing and on the establishment of business development centers.
- MUAD uses perception surveys to determine the needs of their beneficiaries.
- CORDNET carries out consumer preference surveys during the trade fairs they or their members participate in.
- PDAP has developed a tool (Partner Capacity Index) to assess the capacity of their partner communities. They also provide business planning support as part of their

package of services. These provide PDAP with an excellent opportunity to pinpoint their beneficiaries' needs for BDS.

- TSPI has, since 2006, been conducting various types of research not only on the market for but also on various delivery models for BDS – client surveys, focus group discussions, pilot programs, subsector analysis and other methods.
- PBSP is currently reviewing its Business Advisory Program, including the market assessment for advisory services, as part of its effort to ensure that it is addressing the needs of its clients and in order to develop a sustainability strategy.
- UMFI, given the fact that it competes in mainstream markets, thoroughly researches the markets for the products it distributes. Most of its research is in the form of value chain analyses of the different commodities it markets. This research identifies the different players in the markets, the prices and margins for the products at various stages of processing and distribution and the competition it has from traders and commercial distributors.

Market research, as the experiences of our ten organizations have shown, not only allows development organizations to select BDS to deliver but also to identify the market segments for which these BDS are appropriate. MUAD, as a result of such research, has been able to initiate new programs integrating livestock into the farming systems of their beneficiaries and starting up a new organic papaya industry in Negros. TSPI's subsector approaches have resulted in interesting innovations in rice, goats and undergarment manufacturing. PDAP's focus on partner capacity has allowed the organization to initiate clustering and value chain interventions in its programs.

Stage 2: Delivering Services

Organizations wanting to provide BDS to their beneficiaries have to consider delivery approaches as well as sustainability. As mentioned earlier, there are three major approaches to the delivery of BDS.—direct delivery, facilitation or market development and systemic. Meanwhile, cost-recovery or sustainability strategies include – charging fees for services, embedding services in transactions, obtaining payment for services from third parties and piggybacking BDS on other services.

Will we provide the services ourselves? Or will we have others do it?

Very often, the choice of delivery model will be influenced by the organization's capabilities as well as the organization's strategy for sustaining the delivery of BDS to beneficiaries. Under the direct approach to BDS delivery, the organization undertakes the delivery of BDS itself -- using its employees, engaging consultants or hiring other organizations to deliver the BDS. Direct delivery has been the traditional manner in which BDS has been delivered since the 1980s. This approach has been generally effective for training and technical assistance BDS and has been the cornerstone intervention for capacity building efforts in enterprise development programs all over the world.

Examples of direct BDS provision among the organizations participating in this study are:

- **Mentoring Services:** CCT and TSPI have embarked on mentoring services in partnership with Sharpening Stone Enterprises of Australia. These mentoring services are provided directly to selected CCT and TSPI clients by volunteer mentors who are trained, guided and supported by BDS staff of both institutions and senior mentors from Sharpening Stone Enterprises. In TSPI's case, they aimed these mentoring services at clients with the potential to grow their businesses and whose financial requirements had exceeded the limits of TSPI's microfinance lending program. The organization had to hire coordinators for the program. The costs for such coordinators and the other expenses involved in managing the volunteers were recovered from the interest earned on the loans to these clients.
- **Business Planning:** PDAP, under its PRIME Program, has assisted producer groups organize collective enterprises. Once organized, these enterprises are provided with business planning training and mentoring.
- **Enterprise Centers:** INSOL has its own version of mentoring through its enterprise centers where it also provides MSEs with an array of services including business incubation facilities. The enterprise centers serve as one-stop-shops for BDS. While INSOL charges its clients minimal fees, the bulk of the costs of maintaining these enterprise centers comes from grants.
- **Training Programs:** Most organizations interviewed have provided and continue to provide some form of training programs to their beneficiaries. TSPI has attempted to train its microfinance loan officers to deliver "Grow Your Business" training courses but learned, from the experience, that these loan officers, given their heavy workload, did not make effective trainers. It nevertheless continues to deliver values formation programs through the weekly meetings of its microfinance clients. CCT and CARD do the same. All MFIs also provide livelihood training courses from time to time.
- **Packaging and Product Design:** ECHO Store provides communities with training courses in packaging and product design to make their products more attractive and sellable to urban upscale markets.
- **Technology Transfer:** MUAD, TSPI and PDAP provide their beneficiaries with technology training, technical assistance and follow-up support, including credit. MUAD has developed integrated farming systems training modules that it requires its beneficiaries to undergo before they are provided with loans. PDAP provides its community enterprises with training in quality control systems and organic farming.
- **Trade Fair Participation:** CORDNET provides its beneficiaries with trade fair participation opportunities. CORDNET maintains an outlet for beneficiary products in SM Baguio. With sponsorship from the Peace and Equity Foundation, CORDNET and MUAD beneficiaries have participated in trade fairs.

The direct delivery approach, however, has been increasingly viewed particularly by donors as having limited impact and as being too expensive (high cost to impact ratio). Since direct BDS has often been fully or partly subsidized, it is also now viewed as being unsustainable. This has resulted in the evolution of new approaches to BDS delivery since the mid 1990s.

The facilitation/market development approach, in which the commercial provision of BDS through local markets is promoted, has been advocated by international donor and aid agencies in the late 1990s and early 2000s following the principle that relevant, quality and appropriately priced services will be valued and paid for by MSEs. While this has been generally true and demonstrates the potential to be sustainable in the long-term, the approach is difficult in weak markets – where MSEs are unable or unwilling to pay for BDS or where there are not enough qualified commercial BDS providers.

A number of the organizations interviewed for this study have made an effort to facilitate the delivery of BDS. TSPI engaged the Department of Trade and Industry to provide training courses in “Good Manufacturing Practices (GMP)” to beneficiaries involved in the food businesses. It also hired the Center for Small Enterprise to design and deliver training courses in “How to Grow Your Business” and PhilRice for technology transfer. PDAP, on the other hand, has also contracted other organizations to deliver BDS to its beneficiaries. Among the organizations contracted by PDAP for this purpose are: Technical Assistance Center for the Development of Rural and Urban Poor (TACDRUP), Don Bosco in North Cotabato, Philippine Business for Social Progress (PBSP), SIMAG Foundation, Inc. and MUAD in Bacolod City. Another major facilitation service of PDAP has been the organization of clusters and associations for rural enterprises. Unfortunately, the charges for delivering these services were covered by grant funding rather than from charges to beneficiaries for services rendered. It seems that the overall market for BDS in the Philippines, especially in poverty-stricken rural areas remains weak.

Other services falling within the facilitation and market development approach include the development of B2B MSE directories, the development of websites and publications promoting commercial BDS services, empowering MSEs through the formation of clusters and associations, promoting the participation of MSEs in trade fairs and fostering linkages between MSEs and large firms.

Can the delivery of these services be sustained?

The third delivery approach covers all the systemic approaches that are more and more frequently utilized for BDS delivery in many developing countries, including the Philippines. Systemic market development approaches provide support services to entire market systems promoting the integration of MSEs into value chains that include local and foreign markets. Services normally cover the entire supply chain and include product development, input supply and marketing.

TSPI, who has in 2006 pioneered the use by microfinance institutions of value chain/subsector analysis, has conducted pilot efforts in handicrafts and rice. MUAD is working closely with farming communities to build value chains in organic papaya and bananas. PDAP has also spent many years building value chains for rural enterprises engaged in the production of organic rice, muscovado and seaweeds. Meanwhile, CARD is working closely with Microventures, Inc. to establish a chain of “*sari-sari*” stores (under the *Hapinoy* system) through which training in entrepreneurial and business management skills, as well as other services, are provided. In all of these examples, BDS are embedded in, delivered and paid through market-based transactions.

Table 4. Summary of BDS Approaches

Approach	Advantages	Disadvantages	Example Institution(s)
Direct Delivery	<ul style="list-style-type: none"> ▪ Can tailor service to the needs of the client/beneficiary ▪ Can build up specific capacity to deliver 	<ul style="list-style-type: none"> ▪ Limited reach ▪ May require subsidies ▪ If subsidized, cost to impact ratio is high ▪ Limited impact given other needs/gaps 	CCT, CARD, INSOL, TSPI, PDAP, ECHO Store, MUAD, PBSP, CORDNET (Other Examples: Notre Dame Business Center, Government agencies, universities, commercial providers)
BDS Market Development	<ul style="list-style-type: none"> ▪ Long-term sustainability ▪ Wider reach ▪ Development of private-sector providers 	<ul style="list-style-type: none"> ▪ May take longer to deliver needed services, especially in weak markets ▪ Not all needed services will be available from commercial providers 	TSPI, PDAP, MUAD, CORDNET (Other examples: Pinoy ME Foundation, Plantersbank, Peace and Equity Foundation)
Systemic Market Development	<ul style="list-style-type: none"> ▪ Sustainable cost recovery ▪ Effort to address all gaps (wholistic/integrated solutions) ▪ Easily recognizable value ▪ Focused on market 	<ul style="list-style-type: none"> ▪ Requires greater management effort to build and maintain relationships ▪ Requires significant investments 	TSPI, CARD, PDAP, MUAD, UMFI, ECHO Store (Other examples: Normin Veggies, PEF PCCI Village Store, SDC Asia)

Who will pay for the costs of delivering these services?

Sustainability or cost recovery strategies also have to be considered in delivering BDS to beneficiaries. Cost recovery strategies that have been used around the world include charging fees for services, embedding charges within transactions, recovering costs from third parties and piggybacking BDS on other services. The BDS sustainability strategies used by the participating organizations are outlined in Table 5.

Fees charged for services – Under this strategy, the BDS provider prepares a schedule of fees for the various services it provides. The organization then implements this fee schedule by charging fees to all parties that avail of these services. At present, almost all of the organizations interviewed for this study do not charge their beneficiaries any fees for BDS provided. All are of the opinion that the market for BDS, especially for the segments (urban and rural poor communities) they serve, is weak and that most of their beneficiaries are unable and/or unwilling to pay for BDS. INSOL nevertheless charges some fees to partially cover the costs of providing its beneficiaries with BDS. PBSP also has a fee schedule for its volunteer advisory services based on the net worth of the enterprises availing of these services. In either case, however, the indicated fees are insufficient to cover the true costs of providing the services.

Services, and therefore charges for these services, are embedded in transactions – Although not all organizations use this strategy, those considering systemic approaches have expressed an interest to explore possibilities to embed services and charges in transactions. Among our interviewees who practice this strategy are those who have undertaken systemic approaches for BDS delivery. CARD and its partner, Microventures, Inc., have embedded the costs of training, systems development and other services through the commercial transactions involved in the operations of the Hapinoy Store chain. ECHO Store and UMFI, who both purchase commodities and products from community enterprises, recover their costs for training and product development from the margins they earn from the distribution of these products.

Third Party Grants/Payments –Four of the organizations interviewed continue to receive donor funding to provide BDS to beneficiaries. Three of these organizations are focused on rural agriculture-based beneficiaries and may continue to be dependent on grant funding for some time to come given the weak market for BDS in rural areas. The fourth organization, INSOL, provides BDS support to the microfinance clients of Ahon Sa Hirap, Inc. and will continue to rely on grants to sustain its BDS in the future.

Piggyback BDS on Other Services – The three microfinance institutions provide BDS as part of their total package of services to their borrowing clients. Costs for these services are therefore recovered from the institutions’ lending income.

Table 5. Sustainability/Cost Recovery Strategies Used

Organization	Fees	Embedded	Third Party	Piggyback
CCT	No	No	No	Costs for almost all BDS are recovered from microfinance operations.
CARD	No	Yes, Hapinoy Stores.	No	Costs incurred for other BDS are recovered from microfinance operations.
TSPI	No	No	No	Costs for almost all BDS are recovered from microfinance operations.
INSOL	Yes, Partial	No	Yes, Partial	No
MUAD	No	Some	Yes	No
CORDNET	No	Some	Yes	No
ECHO Store	No	Yes	No	No
PDAP	No	No	Yes	No
PBSP BAP	Yes, minimal	No	No	Subsidized by PBSP’s earnings from its Small Enterprise Credit Program
UMFI	No	Yes	Sometimes, product development costs are paid for by grants	No

Stage 3: Monitoring and Evaluating Services

The Committee of Donors for Small Enterprise Development suggests that three categories of performance measurement are relevant for BDS. These three categories are:

- **Client impact**, in terms of changes in MSE performance (e.g., sales, value added, profitability), or broader social and economic impact (employment, poverty alleviation, etc.).
- **Institutional performance**, according to indicators of outreach, cost effectiveness, and sustainability.
- **Market development**, measured for example by the price and quality of services available, MSE awareness, trial and repeat usage, the level of satisfaction of SEs, and the extent to which BDS providers are reaching previously underserved populations.^{vii}

Unfortunately, these categories are relevant at the institutional level rather than at the level of specific services. A major challenge in evaluating BDS is that specific BDS, no matter how well delivered, may not be effective in changing MSE performance because of a poor business environment or the absence of other elements on which MSE performance hinges. For example, providing an MSE with needed technology, training and technical assistance, though valuable, may be useless if other problems (i.e. lack of communication facilities, unreliable electricity) remain unsolved. In the same way, it also can be difficult to attribute specific changes in MSE performance to the specific BDS.

It is for these precise reasons that performance measures should also consider how much value MSEs place on the BDS provided/delivered to them. There are many ways to measure value from the point of view of the MSE clients or beneficiaries. One of the easiest ways to measure value is to determine if MSEs are willing to pay for the BDS. Unfortunately, in an environment where MSEs have very little cash to spare and BDS competes with other basic and critically needed investments (e.g. inputs, production or processing equipment, etc.), it will be difficult to measure BDS value in this way. Another complication will be that the MSEs may not be able to appreciate how the BDS will actually have an impact (e.g. increased sales, improved profits, etc.) on their businesses and thus will not be able to evaluate if the BDS would be worth investing in.

The Committee of Donors, within the same BDS guidelines document, also prepared a framework for the performance measurement of BDS. This framework, indicating the key indicators for BDS performance, is presented in Annex A. The indicators shown in the framework are those for BDS market developers (Goal 1), facilitators (Goal 2) and providers (Goal 3).

All organizations interviewed for this study monitor and evaluate their performance relative to their mission and objectives. Microfinance institutions monitor and report on standard microfinance performance indicators – outreach, repayment and collection rates, portfolio-at-risk and others. NGOs and NGO networks monitor outreach and accomplishment of workplans. They also are regularly evaluated by their donors and other major partners. ECHO Store, meanwhile, monitors its performance on the “triple bottom-line” approach for social

enterprises. There is a definite need, however, for BDS organizations in the Philippines to improve their abilities to monitor and evaluate the effectiveness of their BDS following a number of the indicators presented in the framework featured in Annex A.

Lessons Learned

The ten organizations interviewed for this study, although all involved in BDS delivery, represent different development approaches, agendas, priorities and services. All of them, however, have through their experiences learned important lessons that they were willing to share with other providers of BDS. The lessons they learned are presented below.

Market Assessments

All respondents agree that the importance of market assessments cannot be overemphasized. Knowledge of beneficiaries/clients is a critical success factor for any organization involved in BDS delivery. In fact, it became clear to many of the BDS practitioners that BDS interventions had to be specifically tailored to the needs of the beneficiaries. Specific lessons learned and shared by the organizations we interviewed are the following:

- **CARD:** “It is extremely important to know your clients/beneficiaries – their needs, their wants, their circumstances, the status of their enterprises.” CARD’s success in expanding their MF outreach is in a large part due to the care they took to really understand the needs of their clients and beneficiaries. They therefore are taking the same care in designing and selecting BDS to understand their clients and their needs for BDS.
- **TSPI:** “BDS providers should also assess the beneficiaries/clients’ readiness for the specific BDS offerings and interventions”. When TSPI started delivering business training courses during the weekly meetings of their MF clients, they realized that the clients attending these training courses could be divided into three groups – 1) clients who did not care at all for the training, 2) clients who could not comprehend the training topics and thus could not keep up with the training course, and, of course, 3) clients who were interested, who listened and who eventually benefited from the training. Unfortunately, the third group had the smallest numbers. TSPI therefore learned that it was important to segment the clients/beneficiaries before delivering BDS. Segmentation was not possible without market research/assessment.
- **INSOL:** “Providers should be selective of the beneficiaries/clients they offer and/or provide specific types of BDS to”. In the same way that TSPI learned how important it is to segment clients and offer BDS only to those who are ready and interested, INSOL learned that offering all services to all clients was a waste of resources. They now believe that BDS should only be targeted at selected clients and not be offered indiscriminately to all beneficiaries.
- **INSOL:** “Assessments and subsequent decisions regarding the provision of BDS should utilize participatory approaches involving stakeholders”. INSOL’s experience in developing and providing BDS showed that BDS developed in consultation and with the participation and feedback of stakeholders ended up being more successful than BDS that were not subject to such.

- UMFI: “The goal is for MSE products to be competitive in mainstream markets. This requires thorough and careful market research followed by strong capacity building and product development initiatives”. UMFI believes that a thorough understanding of the market is necessary for the successful implementation of systemic approaches. UMFI, in fact, has built up a strong R&D Unit which handles not only product development but also value chain and subsector analyses. UMFI is one of the few development organizations that precedes initiatives and interventions with careful market research.

Grant funding for BDS delivery has allowed many organizations in the past to select, develop and deliver BDS on a “trial-and-error”, “hit-or-miss” basis. The increasing scarcity of grant funding and more stringent donor requirements for the use of grant funds, however, will make it increasingly necessary for BDS providers to carefully conduct thorough market research to guide them in selecting and designing BDS programs. Market research will become even more critical if and when BDS providers will have to offer fee-based BDS to MSEs or to donors for MSE development programs and projects.

Organizational Capabilities

All respondents are aware of their capabilities to deliver BDS. This awareness was borne out of their experiences in the field. The lessons they share include:

- CARD: “Self-awareness is essential. Know thyself, know your capacities, your resources, manpower, skills and knowledge to implement BDS programs.” CARD has, for many years, been very successful in providing MF to thousands of women’s groups all over the Philippines. However, they have recognized that BDS is a different product requiring a very different set of organizational capabilities. For this reason, they are developing their BDS programs in a very deliberate manner – ensuring that they have the necessary organizational capacities to provide BDS to their client beneficiaries and establishing a separate organization to handle BDS.
- CARD and TSPI: “Readiness and commitment of your organization should be assessed before considering a BDS program”. TSPI’s efforts in designing and piloting a number of innovative approaches to the delivery of BDS were considered a waste of time and resources when management eventually decided not to invest the resources necessary to build an effective BDS program.
- TSPI and ECHO Store: “Be aware of the limits to your organization’s ability to add services and/or expand beneficiaries/clients”. Adding new services or expanding outreach will naturally place pressure on an organization’s resources and capacities. TSPI learned, for example, that adding training responsibilities to MF account officers had a negative impact on these officers’ ability to fulfill their basic responsibilities. Rather than realizing synergies, the added responsibilities overwhelmed them.
- CCT, TSPI, CORDNET and CARD: “Put in place the investments and resources needed before implementing a BDS program. It may be necessary to establish and adequately staff a separate unit devoted to BDS.”
- PDAP: “Be aware of other BDS providers to your target beneficiaries and, whenever possible, outsource BDS delivery requirements to them”. PDAP has had to work with 40 community based enterprises and most of its efforts were focused on organizing them and supporting them as they developed and implemented their business plans. Recognizing

that it did not have the staff or the capabilities required to service all the BDS needs of their communities. As a result, they made the decision to identify and engage other parties and organizations to provide the BDS their beneficiaries needed.

- CARD: “Having a supportive board and management is critical”. Shifting into a new line of services requires the approval and support of an organization’s board of trustees and senior management. For this reason, CARD has made it a standard procedure to involve the board and senior management in the development process.
- CCT: “Leaders serving as role-models within the organization will help facilitate program implementation”. CCT has always believed in the participation of its board and management in its programs. For example, the board has taken responsibility for and its members are actively involved in CCT’s mentoring program.

Delivery of Services/Implementation of Programs

The implementation of BDS programs can become very complex as a result of the interplay of numerous variables affecting program performance and impact. In general, the organizations confirmed the need to adopt more systemic approaches and to engage partners. Specific lessons are highlighted below:

- MUAD, TSPI and PDAP: “Systems approaches (i.e. value chain development) increase the probability of program success”. Systems approaches have not only been proven to be effective. They also appear to be more sustainable over time.
- CCT: “Franchising and the establishment of distribution systems provide opportunities for the delivery of embedded services”. CCT has been involved in developing and implementing a franchised business model for water distribution in poverty-stricken areas. They seem convinced that franchising can be an effective way of transferring technology, business management skills and systems.
- CORDNET: “Partnerships and networks increase the impact and effectiveness of BDS programs”. CORDNET acknowledges that it serves primarily as a network secretariat. For this reason, it does not have sufficient staff or resources to deliver BDS needed by the members of the organizations within its network. CORDNET nevertheless advocates the establishment of partnerships and networks for BDS programs.
- CORDNET: “Local government units can be important partners in the delivery or funding of BDS”. LGUs can serve as paying recipients for BDS. They can also be tapped as sponsors/donors for BDS initiatives or interventions.
- ECHO Store: “In spite of the importance of partnerships, the organization should a) have a clear idea of what it wants to achieve through partnerships, b) have well articulated criteria for partnerships and c) document partnership agreements”. ECHO Store is a strong believer in preventing future conflicts by establishing clear guidelines and managing partner expectations now.
- MUAD: “Organizations should provide follow-up support to their training and technical assistance activities. This may be provided by local experts or specialists trained by the organization to deliver needed support services”.

- CORDNET: “A strong advocacy and public awareness program helps build support for BDS activities”.

Monitoring and Evaluation

The respondents agree on the need for program and service monitoring and evaluation that will allow the organization to innovate and adapt itself to meet the needs of its beneficiaries and clients. In addition, it is also important for organizations to maintain efficient operations in order to keep costs down and enhance sustainability. Efficiency is the result of being keenly aware of the needs of the clients and how to meet those needs in the best and most precise manner possible.

Conclusion

Aside from agreeing that it is imperative for BDS providers to know all they can about their customers, our respondents emphatically agree that the overall demand and hence the market for BDS is growing. In fact, a number of them believe that beneficiary interest in BDS is still at an early stage and will expand over time as new industries, new approaches and new services evolve.

Expected market growth, however, will not automatically result in demand growth for specific services. Beneficiary needs will continue to shift and change over time. Demand for specific services may therefore also result in shifts, increases and even declines.

To survive, BDS organizations should be prepared to make the effort to understand the market and know their beneficiaries. They should invest in building up their capabilities 1) to acquire, process and analyze information, 2) to develop the necessary tools, methods, products and services, 3) to keep track of their progress, performance and impact and 4) to constantly innovate, in terms of developing new approaches and new models, to remain relevant to their beneficiaries and sustainable over the long-term.

The intimate understanding by BDS providers of their beneficiaries will have a significant impact not only on the types, relevance and impact of their services but also on the sustainability of the approaches they take and actual services they deliver. Clear understanding and knowledge of the beneficiaries they serve and hope to serve will allow BDS providers to identify the appropriate strategies to recover their costs – whether they do it by direct fee charges, by embedding their services in transactions or by partnering with third parties for the delivery of these services.

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ANNEX A: TYPES OF BUSINESS DEVELOPMENT SERVICES

The SEEP Guide to Business Development Services identifies seven BDS categories: market access, input supply, technology and product development, training and technical assistance, infrastructure, policy/advocacy, and alternative financing mechanisms. Examples of services under each category are provided below.

Market Access:	<ul style="list-style-type: none"> ■ marketing business ■ market linkages ■ trade fairs and product exhibitions ■ development of samples for buyers ■ market information ■ subcontracting and outsourcing 	<ul style="list-style-type: none"> ■ marketing trips and meetings ■ market research ■ market space development ■ showrooms ■ packaging ■ advertising
Infrastructure:	<ul style="list-style-type: none"> ■ storage and warehousing ■ transport and delivery ■ business incubators ■ telecommunications ■ courier 	<ul style="list-style-type: none"> ■ money transfer ■ information through print, radio, TV ■ internet access ■ computer services ■ secretarial services
Policy/ Advocacy:	<ul style="list-style-type: none"> ■ training in policy advocacy ■ analysis and communication of policy constraints and opportunities 	<ul style="list-style-type: none"> ■ direct advocacy on behalf of SEs ■ sponsorship of conferences ■ policy studies
Input Supply:	<ul style="list-style-type: none"> ■ linking SEs to input suppliers ■ improving suppliers' capacity to provide regular supply of quality inputs 	<ul style="list-style-type: none"> ■ facilitating the establishment of bulk buying groups ■ information on input supply sources
Training and Technical Assistance:	<ul style="list-style-type: none"> ■ mentoring ■ feasibility studies and business plans ■ exchange visits and business tours ■ franchising ■ management training 	<ul style="list-style-type: none"> ■ technical training ■ counseling/advisory services ■ legal services ■ financial and taxation advice ■ accountancy and bookkeeping
Technology and Product Development:	<ul style="list-style-type: none"> ■ technology transfer/commercialization ■ linking SEs and technology suppliers ■ facilitating technology procurement 	<ul style="list-style-type: none"> ■ quality assurance programs ■ equipment leasing and rental ■ design services
Alternative Financing Mechanisms:	<ul style="list-style-type: none"> ■ factoring companies that provide working capital for confirmed orders ■ equity financing ■ facilitating supplier credit 	

Annex B

Directory Of Organizations Interviewed

NO.	Organization	Address	Contact Person	Designation	Contact Information
1	Center for Agriculture and Rural Development - Mutually Reinforcing Institutions (CARD-MRI)	#20 M.L. Quezon St., San Pablo City 4000, Laguna	Julius Alip	Operations Manager/ BDSFI Deputy Director	0920-982-9088 Jaralipnh@yahoo.com
			Aristeo A. Dequito	Chief Executive Officer	bdequito@yahoo.com www.cardbankph.com
2	TSPI (Tulay sa Pag-Unlad) Development Corporation	Antipolo St., Guadalupe, Makati	Elaine Pascua	Project Officer-Social & Enterprise Dev't Services	0908-268-8508 ecd Pascua@tspi.org
			Aquilina Onesa		agonesa@tspi.org
3	Center for Community Transformation	5F Joshua Center 1428 Taft Avenue, Ermita, 1000 Manila	Froilan H. Parado	Senior Manager	0922-854-1310 lfroiparado@yahoo.com
4	INSOL Development Foundation, Inc.	#76 B, 8 th Avenue, Cubao, Quezon City	Mario "Jojo" Belen	Business Manager	0916-938-3727, Cubao office (02) 912-0644 insoladmin@pltdsl.net
			Gavin D. Bunker	President	insoltraining@i-manila.com.ph
5	Environment, Community, Hope, Organization (ECHO) Store	Ground Level, Serendra Piazza, Mc Kinley Parkway, Bonifacio Global City, Taguig City	Jeannie Javelosa	Owner	0917-819-4394 Jejaveloza@zpdee.net www.echostore
			Pacita "Chit" U. Juan	Owner	0917-5278068 puj@echostore.ph
6	Philippine Development Assistance Program (PDAP)	#78-B Dr. Lazcano Street 1100 Quezon City, Metro Manila, Philippines	Restie Male	Program Manager	Fax No: +632 3748214/8216 Email: pdap@mydestiny.net Website: www.pdap.net www.organicrice.org

					0928-521-6259
7	Cordillera Network of NGOs & POs Inc. (CORDNET)	c/o Shontoug Foundation Incorporated, Mines View Rd, Baguio City	Mayette Paragas	Executive Director	0920-969-9069 Office: 074-444-7197
8	Federation of Multi-Sectoral Alliance for Development – Negros (MUAD-Negros)	Farmers Marketing Center, Circumferential, Brgy. Alijis, Bacolod	Reynic S. Alo	Executive Director	reynic_alo@yahoo.com muad_neg@yahoo.com 0920-969-9069; 0918-936-8273 office: (+6334) 446-1065

ORGANIZATION INTERVIEW QUESTIONNAIRE

Name of Organization: _____

Operating since: _____

Core Business of the Organization: _____

Products/Services Offered: _____

Description of Typical Client _____

Number of Clients (Current) _____

Estimated Cumulative Number of Clients _____

Total Number of Employees _____ Annual Operating Budget _____

Presented in Annex A is a list of different kinds of business development services (BDS) that micro, small and medium enterprises (MSMEs) may need. Please check all the kinds of BDS that your organization has provided to its beneficiaries/clients. (Please include all BDS, even those that are no longer being provided.)

What other BDS would you like to offer in the future?

Total present number of staff engaged in providing, delivering or facilitating BDS: _____

Estimated annual cost incurred only for BDS delivery _____

BDS Project: _____

Date: _____

Interviewee: _____

Annex A

Training and technical assistance

- mentoring
- feasibility studies and business plans
- exchange visits and business tours
- franchising
- management training
- technical training
- counseling/advisory services
- legal services
- financial and taxation advice
- accountancy and bookkeeping
- Others, please specify _____

Market access

- marketing businesses
- market linkages
- trade fairs and exhibitions
- development of samples for potential buyers
- market information
- subcontracting / outsourcing
- marketing trips and meetings
- market research
- market space development
- showrooms
- packaging
- advertising

Infrastructure

- storage and warehousing
- transport and delivery
- business incubators
- telecommunications
- courier services
- money transfer
- information through print, radio, TV
- internet access
- computer services
- secretarial services
- Others, please specify _____

Input Supply

- linking small enterprises to input suppliers
- improving supplier's' capacity to provide regular supply of quality inputs
- facilitating the establishment of bulk buying groups
- information on input sources
- Others, please specify _____

Product development

- technology transfer
- linking small enterprises and technology suppliers
- facilitating technology procurement
- quality assurance programs
- equipment leasing and rental
- design services
- Others, please specify _____

Alternative financing mechanisms

- factoring companies
- equity financing
- facilitating supplier credit
- Others, please specify _____

Policy advocacy

- training in policy advocacy
- analysis of policy constraints and opportunities
- direct advocacy on behalf of small enterprises
- sponsorship of conferences
- policy studies
- Others, please specify _____

BUSINESS DEVELOPMENT SERVICE QUESTIONNAIRE

Please complete this questionnaire for each kind of BDS or bundle of BDS (if provided as bundled services.)

Name of Organization: _____

Kind of Business Development Service: _____

Is this service

_____ No longer being offered

_____ Still being offered?

When did you start providing this service? _____

What made you decide to start providing service to your clients?

What kind of market research, needs analysis or demand analysis did you undertake prior to developing and offering the BDS?

How many of your beneficiaries/clients have been provided with these BDS to date?

How do you select clients to be provided with these BDS? _____

Is this specific BDS provided in-house or do you have another organization provide or deliver this BDS to your beneficiaries/clients?

BDS Project: _____
Date: _____
Interviewee: _____

If you have another organization or organizations deliver this BDS, who are these organizations?

How are the costs for providing the BDS recovered?

Beneficiaries/clients are charged fees to fully cover costs of providing the BDS.

Beneficiaries/clients are charged fees to partially cover costs of providing BDS.

We receive grant funding to provide the BDS to our beneficiaries/clients.

We cover all or a part of the costs of BDS from our other revenue-generating activities (lending, projects, etc.)

We have other ways of covering BDS delivery costs. Please specify _____

If fees are not charged, why has your organization not charged any fees for these services:

We have tried to collect fees in the past but learned that our clients cannot pay.

We have tried to collect fees in the past but learned that our clients refuse to pay.

We know our clients cannot afford or refuse to pay and have not even tried to collect fees.

We would like to charge fees but do not know how to package these services and charge for them.

Others, please specify _____

How would you describe the demand for this BDS?

Growing

Steady

Declining

Why is it growing, not growing or declining?

BDS Project: _____

Date: _____

Interviewee: _____

If you are no longer offering this BDS, please explain why you are no longer offering this BDS.

Please share whatever lessons you have learned about offering this particular BDS.

Thank you.

BDS Project: _____
Date: _____
Interviewee: _____