

KNOWLEDGE GIFT TITLE:

Financially sustainable delivery of business development services

COUNTRY(IES) / REGION:

Myanmar

LEAD ORGANISATION:

ILO

CHALLENGE / PROBLEM

Direct delivery of business development services (BDS) based on subsidies is not sustainable or scalable beyond donor driven interventions. It also runs the risk of distorting the market as businesses become unwilling to pay for services.



MAJOR ASSUMPTIONS MADE

It is possible to deliver business development services sustainably on a cost-recovery basis even when targeting entrepreneurs with low income, if the right incentive system is set up.



SOLUTION OFFERED

The project applied a market facilitation approach and partnered with 432 local BDS organizations between February 2014 and April 2017. Initially some organizations received subsidized training from the ILO as part of the early adopters' scheme. But starting 2016, training offered to organizations was charged for. The project insisted that local partners adopt the "no free lunches" policy at their level too and charge fees for services to MSMEs.

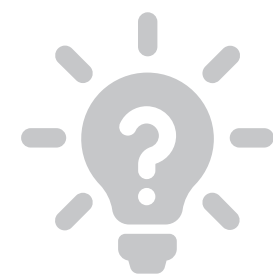
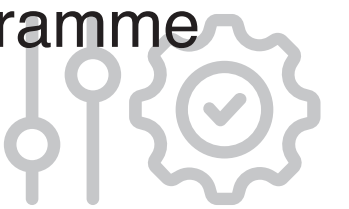


ILLUSTRATION / VISUAL



OUTPUTS CREATED

The project insisted that local partners charge fees for services to MSMEs. Despite operating in a market crowded with donors, 61% of the 432 organizations were able to recover costs and 33% improved their financial situation. 98% of the training providers reported to continue providing training introduced by the project, with or without its support in the future. A strong sign of sustainability of the programme in Myanmar.



INDICATORS / SCALE / IMPACT

9,779 individuals were trained in how to start or manage their business, which led to the creation of 1,234 new businesses (49% by women) and 7,387 jobs (61% for women) by early 2017. 1,874 existing businesses reported an improvement in turnover. Even more importantly however, 98% of training providers reported to continue providing trainings introduced by the project.



PARTNERS

Local BDS providers in Myanmar: 345 out of the 432 local organizations were for-profit and private sector mostly operating in urban areas



KEY RECOMMENDATIONS / UNIVERSAL PRINCIPLE

Development projects aim to produce long-term change and benefits through short-term interventions. A market facilitation approach to business development service provision can produce long-lasting change and impact beyond the duration of the project.



REPLICATION POTENTIAL / SUSTAINABILITY

A market facilitation approach to sustainable business development service provision ensure that service provision is sustainable and can reach scale. The project demonstrated that a facilitation approach can work even in environments that are heavily dominated by donor money (Myanmar), indicating that the approach can be replicated anywhere.



TOPICAL FOCUS

- MSME segmentation & entrepreneur-centred approaches
- Interplay between financial & non-financial services
- MSME support in digital era
- Entrepreneurial eco-systems & local advisory service providers
- New trends in MSME development

- Green
- Gender
- Fragility

SUB-TOPIC SELECTED

Facilitated by: