

# Technical NOTE

## The Role of the Facilitator: Taking a Systems Perspective

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### Glossary

**business development services (BDS).** Any nonfinancial service provided to businesses on either a formal or informal basis.

**BDS market.** BDS providers, enterprises, and the exchange of business services between them. This exchange may be formal or informal. It may include standalone transactions for services and/or services provided as part of other commercial transactions.

**BDS provider.** A firm or institution that provides BDS directly to enterprises.

**bundled services.** Several business services provided together as part of a package. This package of services may be offered independently or as part of another commercial transaction—for example, a transaction between a wholesaler and a producer.

**embedded services.** Business services provided as part of another commercial transaction, such as when a trader provides market information and product design advice to a producer when the trader purchases the producer's products.

**facilitator.** International or local institutions usually funded by governments or donors that aim to expand and improve one or more particular markets for the benefit of specific target groups.

**market assessment.** Market research and/or information gathering on markets and their context; used to assist in program design.

**subsector.** A network of related firms that transform raw materials into finished products and transmit them through vertical supply channels to consumers and the transactions among them.

**value chain.** An individual channel through which raw materials are transformed into finished products and transmitted to consumers; the enterprises within that channel and the transactions among enterprises and between enterprises and consumers in that channel.

## Abstract

Much of the current literature on Business Development Service (BDS) market development focuses on the role of the facilitator in program implementation. Yet, one of the lessons that emerged from the Practitioner Learning Program (PLP) in BDS Market Assessment was the importance of the role of the facilitator in market assessment and program design. This technical note provides advice on how to operationalize a systems perspective with reference to the role of the facilitator in the market assessment stage of BDS market development. This technical note offers practical advice for facilitating organizations, based on the hands-on experiences of PLP participants and other practitioners in the field.

## Introduction

This technical note presents practical advice to Business Development Service (BDS) practitioners on the role of the facilitator, particularly on how to take a systems perspective in initiating a program. The recommendations are drawn largely from the experience of The SEEP Network Practitioner Learning Program (PLP) in BDS Market Assessment participants. Our intent is that this technical note will continue the exchange of information and the advancement of our collective wisdom in partnering with the poor to improve livelihoods.

The focus of the technical note is market assessment, from the planning phase of the market assessment process through piloting and program design. Regardless of the phase, however, these issues remain constant: how can a facilitating organization conduct effective market research, channel that information into the design of interventions that promote the sustainable growth of markets, and establish and maintain the organization's facilitation role? Moreover, because the research of the PLP group concerns weak markets, we emphasize the application of BDS in integrating micro-enterprises into commercial systems and complex value chains.

To explain the systems perspective that this technical note advocates, briefly reviewing two major stages in the recent development of the BDS field will be helpful.<sup>1</sup> The first stage, from 1998 to 2001, was characterized by what is commonly called the BDS market development paradigm. In this model, subsidized provision of BDS shifted to a focus on the commercial provision of BDS through local markets. This shift was a result of the experience of practitioners in a wide variety of countries around the world. Of special relevance to market assessment, tools and techniques for researching demand were introduced from the private sector for application at the micro level, generally using a cross-sector approach. Starting in 2002, BDS programs around the globe—including Kenya, Uganda, and Bangladesh—incorporated the systematic analysis of BDS markets and value chains, with greater emphasis on the macro level and the vertical integration of micro, small, and medium enterprises into domestic and international markets.

The evolution of BDS theory and practice has significant implications for the definition and execution of the role of the facilitator. Before the market development paradigm, in the traditional subsidized model of BDS provision, an implementing agency (nongovernmental organizations [NGOs], private voluntary organizations [PVOs], and other noncommercial organizations) frequently acted as a provider of services to small enterprises. The implementing agency delivered services such as training, business management consulting, input supplies, and market access directly to micro and small enterprises (MSEs). Such programs were problematic because services tended to target a limited number of MSEs, generally ended with the program, and the cost-to-impact ratio was high.

In the new paradigm, the focus is on building vibrant, commercial, and sustainable service markets. Local commercial enterprises offer business services, while the activities of the facilitating organizations support the development of the entire market system. This means that the facilitator does not become directly involved in transactions between

service providers and MSEs but instead carries out an array of system-wide activities that strengthen both the demand and supply sides of the market—for example, helping to connect BDS providers and MSEs, designing affordable and useful service products, building MSEs' awareness of services and their benefits, and modeling new payment and delivery mechanisms. Strengthening the ability of a range of profitable BDS providers to offer demand-driven, affordable, and high-impact services to a large number of MSEs overcame the limitations of the traditional subsidized model of service provision.<sup>2</sup>

Perspective is a critical factor in differentiating between the roles of commercial BDS providers and facilitating organizations. On the one hand, BDS providers, as independent entrepreneurs, serve their businesses best by paying close attention to their competitive advantage, their own bottom line, and the needs of their specific target clients. On the other hand, market research from a facilitator perspective focuses on market systems, rather than individual enterprises per se. Facilitators can design interventions with the greatest potential for impact when they have a view of the entire

<sup>1</sup> Many details in the following description are taken from Marshall Bear and Prashant Rana, "Midterm Workshop Summary," SEEP PLP on MA in Weak Markets, Midterm Workshop, Cape Town, South Africa, May 2003.

<sup>2</sup> For further discussion of the market development paradigm, see "Committee of Donor Agencies for Small Enterprise Development," Business Development Services for Small Enterprises: Guiding Principles for Donor Intervention (Washington, DC: World Bank Group, 2001).

[http://www.bdsknowledge.org/dyn/bds/bdssearch.globalDCDocs?p\\_doc\\_type=DCGUIDES&p\\_lang=en](http://www.bdsknowledge.org/dyn/bds/bdssearch.globalDCDocs?p_doc_type=DCGUIDES&p_lang=en); and Alexandra Overly Miehlebradt and Mary McVay, "SEMINAR READER—Developing Commercial Markets for BUSINESS DEVELOPMENT SERVICES: BDS Primer," presented at the Annual BDS Seminar, Turin, Italy (Geneva: International Labour Organization, Small Enterprise Development Program, 2003). <http://learning.itcilo.it/BDSSEMINAR/pub/home.aspx?l=Eng&IdSezione=0>.

## SHARING LESSONS LEARNED

market system. This market landscape can include, for example, all enterprises engaged in the same or similar businesses as the target MSEs, a full range of input and service suppliers and intermediaries, the enabling environment, alternate consumer groups for MSE products, and the multiple value chains that lead to such groups.

In other words, the facilitator attempts to view the BDS market from an external and objective position, while the provider is an integral part of the system with a vested interest in specific outcomes. The systems viewpoint guides the facilitating organization throughout the process of market assessment, program design, and market development, and is accountable for its effect on the system. With information gathered from associated BDS markets and value chains, the facilitator can promote alternatives that have widespread applicability and significant impact. This approach is very different from the traditional project that provided direct services that support a limited number of enterprises. The facilitator practice is also unlike a pure private-sector approach that aims to increase the sales, profits, or market share of a specific company for the ultimate financial benefit of its shareholders.

Much of the literature on BDS market development focuses on the role of the facilitator in program implementation. Yet, one of the lessons that emerged from the PLP in BDS Market Assessment was the importance of the role of the facilitator in market assessment and program design. This technical note provides advice on how to operationalize the systems perspective described above with reference to the role of the facilitator in the market assessment stage of BDS market development. The technical note offers practical advice or “how-tos” for facilitating organizations, based on the hands-on experiences of PLP participants and other practitioners in the field. Although the lessons learned may be extrapolated to small and medium enterprises, the focus here is on microenterprises in weak markets.

### Keep Program Impact Objectives in Mind

In current BDS thinking, the primary objective of a program is to develop dynamic BDS markets that promote the integration of enterprises, including microenterprises, into profitable value chains on beneficial terms. The facilitating organization can maximize its contribution to this objective during market assessment by focusing on collecting the data that will be most useful in program piloting and design.

Figure 1 illustrates a framework for BDS market sustainability that can help the facilitator visualize from the project’s start how to develop a whole system and plan for a viable and independent market structure. The figure shows the functions in a sustainable market and the various types of players who do or might perform those functions. For a market to be viable, each function must be both performed and paid for in a sustainable manner. Keeping this framework in mind during market assessment will help

a facilitator tailor information gathering to help understand what the market looks like now and envision how it could change to offer more benefits to microenterprises in the future.

Long-term program impact necessitates the creation of robust business models for service delivery. With traditional BDS provision by donor-funded NGOs, MSEs have been vulnerable to changes in development priorities. To mitigate the risks to poor MSEs, the facilitator can concentrate on designing interventions that result in vibrant, autonomous, and commercial BDS markets that continue to exist after the donor and NGO have completed the program.

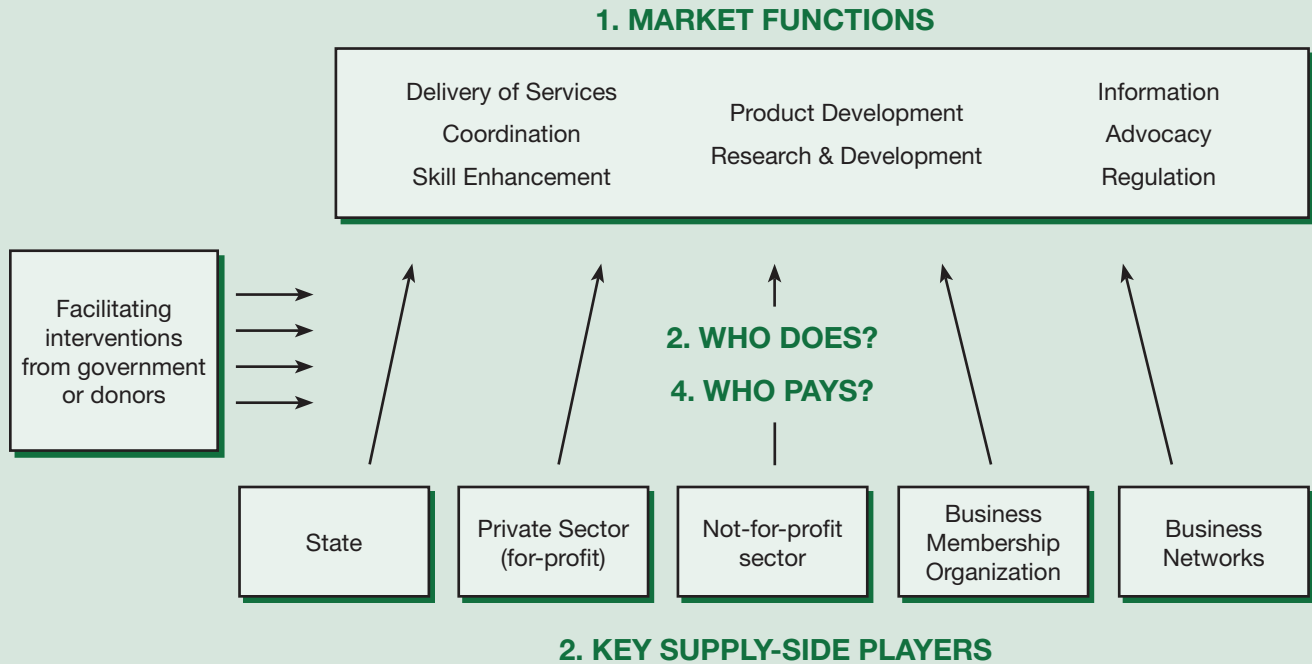
One business model that is often effective in weak markets involves the bundling and/or embedding of services. This paradigm is particularly relevant for making services affordable to MSEs. For example, MSEs commonly want services that help them achieve a particular business objective, such as increasing sales or reaching new markets. To achieve these goals, several services may be required—e.g., new product design, quality control, and market access. On the service supply side, traders or larger enterprises in value chains may have a vested

#### Keep Program Impact Objectives in Mind— MEDA-ECDI in Pakistan

MEDA and ECDI conducted a market assessment in Pakistan that led to a program design to assist poor, homebound, rural embroiderers in Pakistan to reach mainstream urban markets with the support of a bundle of embedded services. The prevalent business model in the embroidered garment subsector involved women interacting with middlemen through a male relative, receiving inputs through this network, and producing garments for traditional, low-value markets. The MEDA-ECDI team discovered a fledgling business model of women intermediaries who interacted directly with women microentrepreneurs, provided some design and quality control support, and enabled the isolated embroiderers to reach more lucrative markets. MEDA-ECDI realized that they could enhance and expand this nascent business model of a bundled, embedded service package to create a sustainable BDS market while increasing incomes for the rural microentrepreneurs. The facilitator’s primary focus would be to strengthen the capacity of women intermediaries in delivering appropriate services while recruiting additional women intermediaries for this role. The long-term vision is a commercial woman-to-woman network that integrates poor, rural women into more profitable value chains.

**Figure 1: Framework for BDS Market Sustainability**

Source: R. Hitchens, "Developing Markets for Business Development Services: Designing and Implementing More Effective Interventions," SED Issue Paper No. 5: Swiss Agency for Development and Cooperation, June 2000). 29



interest in helping MSEs achieve both their goals and the capacity to deliver a bundle of embedded services. Considering this possibility from the outset can assist a facilitator to design market research that will aid in the design of a program with greater impact on microenterprises.

business transactions may be impacted by gender, economic status, age, ethnicity, religion, clan membership, and related characteristics.

- Standard business practices and procedures. Standard procedures may exist that would make an otherwise sound intervention difficult or impossible.

- Political and regulatory environment. For example, are there laws in place controlling business registration, taxation exemption for small businesses, and import and export duties?
- Language. Inability to converse in the local languages can be a serious impediment to market assessment and program design.

## — Know the Context —

Familiarity with the context of a market helps the facilitator to effectively collect and analyze economic information, and then use it to design realistic interventions. If the facilitator is an international NGO, working with a local partner or hiring local staff helps to ensure that the context is taken into consideration throughout the market assessment process. The context is an integral component of the market system that the facilitator intends to enhance and encompasses a wide range of factors that include the following:

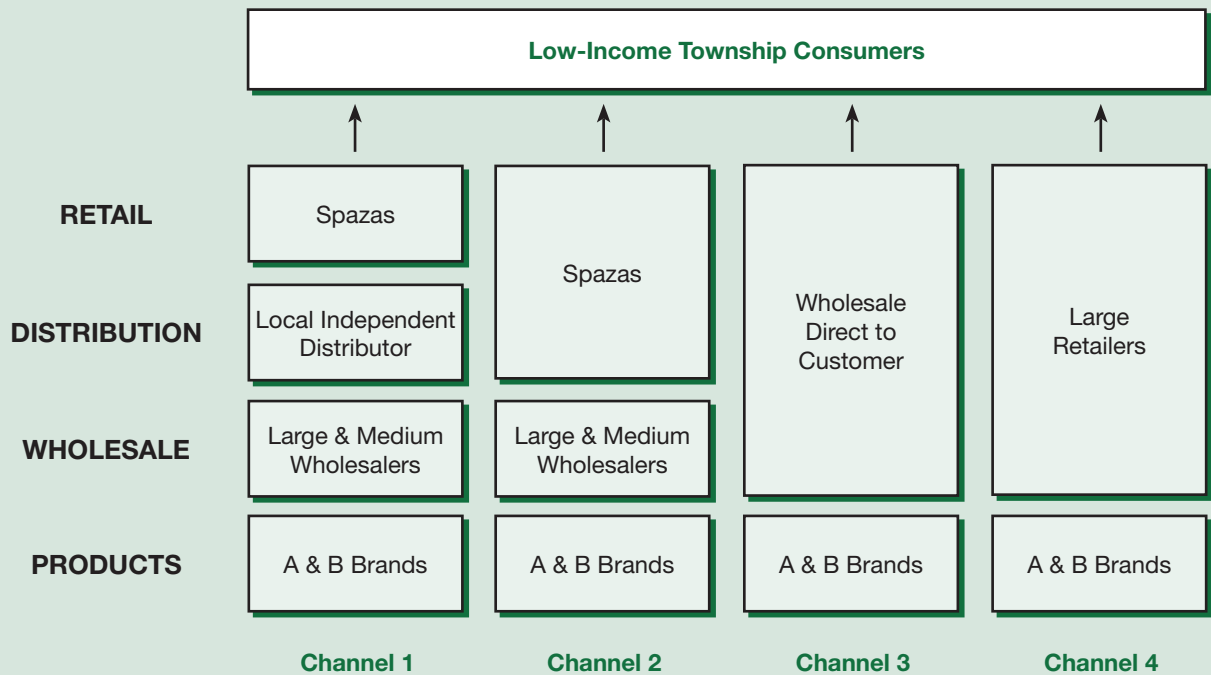
- Sociocultural norms, traditions, and expectations. For example, market research and

### Know the Context—ITDG in Sudan

ITDG Sudan aimed to facilitate Women Development Associations in providing services to poor women involved in micro agroprocessing businesses in Eastern Sudan. The initial analysis of the context, however, revealed several layers of disadvantage. The analysis made it clear that it would not be sufficient for the provider to deliver services such as training and access to packaging, although these services were identified as needs by the microentrepreneurs. As a facilitator, ITDG needed to enable the providers to tackle cultural obstacles blocking the women's effective participation in the market. Not only were the women excluded from the market by the local council, which refused to allocate them market stalls, they also faced societal norms dictating that this type of work was for men. If ITDG had focused solely on the challenges of developing service provision, the women entrepreneurs may have had high-quality products to sell but no place to sell them!

**Figure 2:** Competing Channels in the South Africa Grocery Market for Low-Income Consumers

Source: Marshall Bear, "Making Retail Markets Work for the Poor—Why and How TTO Decided to Intervene in the Spaza Market," SEEP PLP in BDS Market Assessment (Washington, DC: The SEEP Network, 2004)



Investigating certain aspects of the context before the market assessment begins can assist the facilitator in collecting relevant information for program design. For example, an initial understanding of gender in a specific context can guide the formulation of questions for informant interviews—e.g., what is the best time of day for you to receive training? Do you access the Internet in public cyber cafes, and if not, why? The data can then be disaggregated by gender to better understand the issues that impact the ability of women and men to participate in a given BDS market system and/or market development program.

## — Understand and Interact with the Value Chain —

Recent trends have underlined the merit of BDS as a means for helping MSEs integrate into value chains—that is, enabling them to reach markets and create products that consumers demand. A comprehensive

examination of BDS markets and value chains can assist the facilitator in designing systemic solutions to market problems. The two subsystems—BDS markets and value chains—are complementary components of the larger market system into which MSEs must integrate and are therefore discussed separately in this and the next section.

Value chains are the vehicles that connect MSE products to final consumer markets. An analysis of relevant value chains can assist the facilitator in using existing market mechanisms to reduce the poverty of underserved, marginalized, and even remote MSEs by linking them to markets and ensuring that their products meet market demands.

Figure 2 illustrates the multiple value chains of grocery products and how they reach consumers in South Africa. In this case, the “spazas” (small shops in poor townships) are the target of the Triple Trust Organisation’s program.

Information about the final consumer market enables the facilitator to determine if an

existing or potential market exists for MSE products and if current products are suitable or require modification. For example, a facilitator working with smallholder vegetable farmers may discover a ready market in nearby towns for fresh produce. The facilitator may also determine, however, that a glut of tomatoes and asparagus exists along with a shortage of lettuce and green beans. This could lead to a program design whereby farmers are encouraged and supported in the diversification of crops through access to appropriate business services such as training in new crops, input supplies (seed, fertilizer, pesticide), technology transfer (microirrigation technologies), and market access. In the long run, farmers will benefit most if they connect with intermediaries or markets directly and are able to assess the most profitable vegetables to cultivate in the coming season.

A facilitating organization can also use its knowledge of the value chain to determine income distribution and calculate the sustainability of proposed services. If, for example, players in the chain are minimally



## Understand the Value Chain— IDEI in India

IDEI conducted a market assessment of the pineapple subsector in Orissa. A primary goal of the market assessment was to explore options for horticultural products—both fresh produce and value-added goods—grown by poor, tribal farmers. To identify profitable alternatives, IDEI needed to collect data from stakeholders throughout the value chain, from producers to consumers. IDEI interviewed key government functionaries, village-level postal workers, teachers, NGO leaders, farmer representatives, and private sector processors. In addition, IDEI hired a private market research firm to conduct market testing of a range of processed products. By being aware of the entire value chain, IDEI identified large fruit processors that were looking for bulk supplies of pineapple. IDEI could then connect farmers' groups with the processors for a mutually beneficial business relationship. At the same time, IDEI identified value-added products that could be sold directly to consumers, including dehydrated pineapple slices, tidbits, and ready-to-serve drinks.

profitable, no cash will be available to pay for services. In this case, commercial services may not be viable, and creative solutions might be required, as in the case of embedded services described below.

Value chain analysis can also be instrumental in identifying key relationships in a subsector that might be leveraged to support MSEs. To continue with the example of smallholder fruit and vegetable farmers, the facilitator may learn that key wholesalers throughout the region not only serve the nearby towns but also truck fresh produce to a wholesale market in a more distant large city. The wholesaler may not deal with all the smallholder farmers, however; although demand

for fresh produce exceeds local supply, farmers do not grow the varieties that urban customers want. By working with wholesalers to develop an embedded package of services (providing advice to farmers on crop selection and inputs), the facilitator can help build a mutually beneficial business relationship between the farmers and the buyers.

Finally, a facilitator can be the communication vehicle and catalyst for an underdeveloped value chain. If the facilitator sees a market opportunity, he or she can communicate this to players throughout the chain and help them develop a plan for how they can work together to take advantage of the opportunity. This can generate motivation among key stakeholders to take risks—for example, a wholesaler may be inspired to work with new producers or assist producers in diversifying their crops.

## Be Aware of the Entire BDS Market

In a market system, service markets are complementary subsystems to value chains. Although a value chain traces the path of products from raw materials to consumers, a BDS market involves the services that support enterprises in their efforts to run their businesses and reach markets. Therefore, researching BDS markets provides information that is not readily available through value chain analysis alone. Although a BDS market can exist completely within a value chain—for example, when artisans receive inputs and embedded services from buyers—a service provider may also be outside the value chain. This situation is clearly the case for cross-cutting services such as legal services, accounting, courier, and telecommunications.

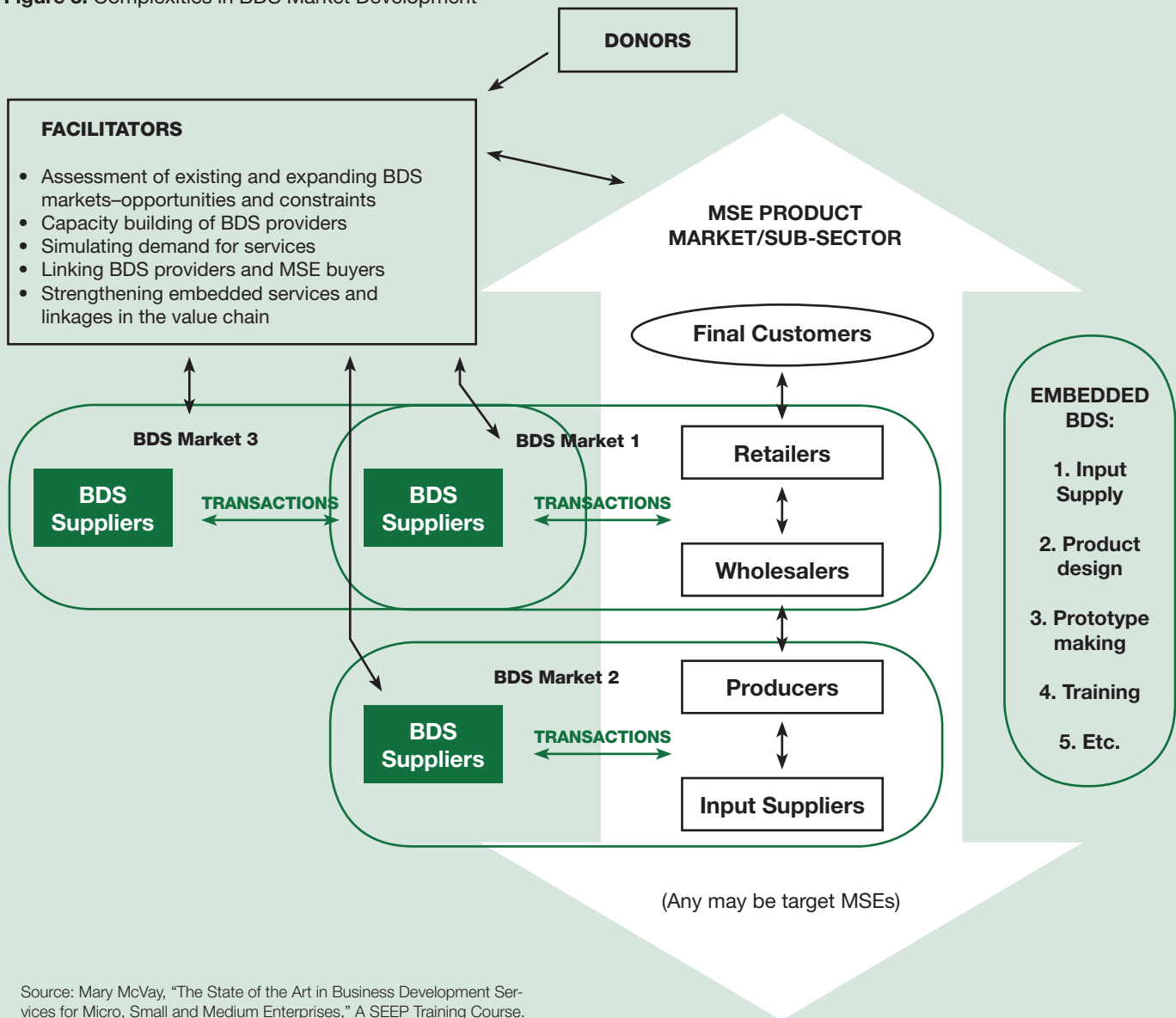
The research and analysis of a BDS market is an area in which the different perspectives of a commercial provider versus a facilitating organization are evident. BDS providers have a vested interest and need to understand their target clients and their specific product needs. As long as they

have a healthy business with a defined niche, they do not need to concern themselves with other providers, products, and clients unless their own service company is directly impacted. The facilitator has a systems viewpoint with the goal of benefiting as many MSEs as possible. This requires a grasp of multiple aspects of a given service market—existing and potential MSE clients, other enterprise clients, existing and potential BDS providers, the currently available service products, the service products that are in demand but not available, delivery and payment mechanisms, and constraints and opportunities.

Following are some examples of what the facilitator can accomplish through a system-wide BDS market assessment:

- Taking into account the multiple revenue streams of providers can help in planning for sustainability. If a provider cannot be profitable by serving microenterprises alone, but also earns revenue from working with larger enterprises or households, the facilitator can leverage this situation when planning program interventions and sustainability strategies.
- The facilitator can identify promising, existing, but not widespread business models that are not apparent in a cursory investigation. These business models may have the potential to deliver replicable solutions on a larger scale, such as access to alternative markets.
- Not only can types of providers be identified during BDS market research and analysis (e.g., wholesalers who can supply bundled services), but individual providers can be also assessed for their strengths, weaknesses, and potential contribution to the overall development of the market—for example, certain large wholesalers may be more willing to invest resources in the development of MSE producers.
- In many BDS markets, subsidized service programs—funded by donor agencies or government departments—are realities with which commercial providers have to contend. If a facilitating organization is knowledgeable about subsidized programs, the niche they fill, and their strengths

**Figure 3: Complexities in BDS Market Development**



### Be Aware of the Entire BDS Market—MEDA in Tajikistan

MEDA is developing the fruit and vegetable subsector in the fertile Ferghana Valley of Northern Tajikistan, assisting farmers to upgrade products and reach more profitable markets. Tajik farmers are dealing with the end of Soviet subsidies and ready markets, a civil war that destroyed significant agricultural infrastructure, years of drought followed by landslides, fractious border relations with regional neighbors, and the transition to a market economy. MEDA realized that it needed to gain a thorough understanding of BDS markets, including existing and potential providers, the processing sector, the needs/demands of farmers, and the funding mechanisms that would support the development of viable BDS markets. BDS market assessment revealed that the supply side of the market is extremely weak with relatively few suppliers of, for example, agrochemicals, agricultural and processing equipment, packaging, transportation, storage facilities, and market linkages. Nevertheless, demand from farmers for such services is high, although affordability is a chief obstacle. Armed with this information, MEDA designed a market development program to bolster the supply side of BDS markets while linking farmers to credit programs, enabling them to purchase newly available services.

and weaknesses, it will be better able to support the development of commercial markets. For example, if subsidized training programs for MSEs exist that focus on general business management, a commercial training organization could be encouraged to offer specific and practical courses in accounting and bookkeeping.<sup>3</sup>

Figure 3 illustrates the potential complexity of BDS markets. A BDS market development program benefits from understanding the many different subsystems in markets—from multiple producer and consumer groups to the range of BDS providers, suppliers, and other market players.

## Develop a Clear Offer

The facilitating organization can elicit the support of stakeholders and maintain program focus if it develops a clear offer: a description of what the facilitator is bringing to the situation that will support the development of a sustainable system.

At the program design and intervention stage, the facilitator's role may be to perform the following tasks:

- Set up train-the-trainer programs for courses MSEs request to improve business skills, at prices they are willing to pay.
- Develop linkages (1) between MSE producers and buyers, and (2) that offer bundled services to MSEs and market access for MSE products.
- Organize bulk-buying groups so that MSEs can access higher quality inputs more affordably, leading to greater profitability.
- Assist traders to learn how to help MSEs in diversifying or adapting products to meet the demands of consumers in higher value markets.

To develop a clear offer, the facilitating organization builds on its knowledge of the market system—value chains and BDS markets—that it acquires during the market assessment stage. This encompasses information on, for example, producers, BDS providers, consumers, products, market channels, and business practices. A comprehensive market assessment enables the facilitator to determine the most effective role that it can play in this complex system and how it can interact with other stakeholders. Collecting appropriate data, analyzing the data, determining the role of the facilitator, and stating it in a clear manner are all part of “developing an offer.”

### Develop a Clear Offer—Swisscontact in East Africa

Swisscontact developed a modular training program for potential BDS providers in weak markets that have been distorted by many years of donor interventions. The program helps interested providers develop and test sustainable services in a step-by-step process. Each step comprises two to three days of classroom training and three to four weeks fieldwork. The training modules cover identification of service opportunities, developing and feature-testing a basic service concept, testing price sensitivity of service, designing quality-oriented service delivery, and costing service and planning for service promotion. Holding the workshops for BDS providers establishes a supportive relationship between facilitator and provider and clearly identifies Swisscontact's role as a facilitating organization. Further, during the program introduction, Swisscontact states very clearly that no subsidy will be provided for service delivery, and that the aim of the program is to design sustainable services. At each step of the program, participants are challenged to make their intended service sustainable. In this way, Swisscontact's offer is clear from the start and reinforced throughout the training.

## Define an Exit Strategy Upfront

In the BDS market paradigm, the facilitator's role is considered to be temporary. Defining an exit strategy upfront clarifies how the facilitating organization will contribute to the sustainability of the program through a planned cessation of involvement in the market.

The exit strategy must take two levels of the program into consideration: first, the BDS markets and transactions must be sustainable when facilitation activities end; second, certain facilitation activities may need to continue on a commercial basis. Previous sections of this technical note describe the first level. For facilitation activities, suppose, for example, that they have included identifying and developing new service products that meet MSE needs. Because markets are dynamic, and the demand for products will change, this activity will need to continue after the facilitator exits the market. The facilitator can prepare for this by training BDS providers to conduct their own targeted market assessments, working with industry associations or business networks to develop market assessment as a service to their membership, or promoting the development of commercial service providers for other service providers. Although the last preparation step may seem overly complex at first, numerous instances exist in developed markets in which service providers purchase services from other firms. For example, a computer training company may contract the services of a market research firm to identify new clients and niche markets.

Accurately forecasting the people and resources needed to reach market sustainability, and exit timing, increases the chances

<sup>3</sup> See Alison Haight, et al., “All Paths Lead to Learning: Common Mistakes in Business Development Services Market Assessment and What We Learned From Them,” SEEP PLP in BDS Market Assessment (Washington, DC: The SEEP Network, 2004).



## Defining an Exit Strategy Upfront—CECI/MARD in Nepal

When CECI/MARD designed a program for sustainable veterinary services in remote villages in Nepal, they had to keep their exit strategy in mind throughout the entire program. CECI/MARD trained experienced cattle farmers to deliver basic veterinarian services, including advice, vaccines, and medicines. At the end of the three-year program, 40 sustainable microenterprises—village veterinarians who were earning 40–50 percent profits—existed. The program’s success was based on an exit strategy that took into account the low cost of vaccines, medicine, and transportation; low overheads; and nonfinancial benefits to the new entrepreneurs, such as status and influence.<sup>4</sup>

for program success. If a program is not given enough time, omits critical activities, or is understaffed, it may fail. This does not mean that the interventions were inappropriate, but that inadequate resources were available to reach a point of critical mass in the market that would have enabled its independent growth. Donors can also benefit from a clearer articulation of resources needed for program success and the setting of realistic goals to achieve desired outcomes.

## Manage Expectations and Establish Credibility

Because the systems perspective of the facilitator and the market development paradigm will be new to many stakeholders, communicating the vision for the BDS market and the part the facilitator will play in achieving it (see the “Develop an Offer” section above) is critical. Sharing this information will be especially useful in managing the expectations of program participants who are accustomed to subsidized government and donor-led programming.

Managing expectations helps the facilitating organization establish its credibility—providing realistic goals against which the facilitator can be assessed by those affiliated with the program. The facilitator can further establish credibility by developing relationships with stakeholders before the start of formal program activities—relationships with MSE clients, BDS providers, suppliers,

and others in the value chain. The market assessment can be one way to initiate contact with potential program stakeholders. Taking time to meet informally to discuss relevant issues and share experiences can lead to mutual understanding and support and a basic level of trust. At this point, or later in a more formal situation, the facilitating organization can present information on its role in the process. If a relationship has been established before market assessment activities, such as through interviews and focus group discussions, targeted MSEs and providers are, quite understandably, likely to be less suspicious of data collectors and other researchers.

If the facilitating organization establishes its credibility and manages expectations during the market assessment, it will be better positioned to transition to program pilots and implementation with the support of stakeholders. If the facilitator does not manage expectations well, program participants may lose their trust in the facilitator. Conversely, if the facilitator has carefully managed expectations and delivered on these expectations, MSEs and other stakeholders are more likely to be open to market innovations recommended by the facilitator.<sup>5</sup>

Generally, when establishing the facilitator role, having an organization act as both a facilitator and a provider is unwise. NGOs have found that mixing the two roles leads to confusion and unrealistic expectations, although in some instances, facilitators choose to act as a provider on a temporary

## Manage Expectations—EDA in India

During market assessment and before piloting interventions, EDA briefed potential program participants regarding the kind of support that would be offered by the facilitator to new BDS providers in the process of BDS market development. EDA made it clear that its intended role was primarily in capacity building, in terms of sharing market information and business potential and developing the initial links between providers and various stakeholders in the subsector. EDA also informed participants that it would not be in a position to be able to meet any costs incurred by new BDS providers; the participants would have to take total responsibility for managing their businesses and finances. By being clear and direct, EDA established expectations and maintained a good relationship with BDS providers. As a result, BDS providers met all the costs related to market development—printing brochures and pamphlets, developing catalogues for products, and visiting villages to promote and sell their services.

<sup>4</sup> Alexandra Overy Miehbradt and Mary McVay, “Example 27: Sustainable Veterinary Services,” in SEMINAR READER—Developing Commercial Markets for BUSINESS DEVELOPMENT SERVICES: BDS Primer for the Annual BDS Seminar, Turin, Italy, (Geneva: International Labour Organization, Small Enterprise Development Program, 2003), 51. <http://learning.itcilo.it/BDSSEMINAR/pub/home.aspx?l=Eng&IdSezione=0>.

<sup>5</sup> See Ashok Kumar and Sanjay Sinha, et al., “Information to Action: Tips for Using Market Information in Piloting BDS Market Development Interventions” SEEP PLP in BDS Market Assessment Technical Note # 5 (Washington, DC: The SEEP Network, 2004).

basis (e.g., to initiate a service or seed the market). If this path is chosen, to help maintain program objectives and momentum, inform stakeholders of the reasons for the change in roles and the duration of the related activities.

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## Conclusion

The systems perspective provides a framework within which the role of the facilitator can be defined. In other words, by defining

the facilitator as the player with the view of an entire market system, the facilitator can recommend specific tasks, tools, and approaches for BDS market development and integration of enterprises into value chains.

The systems approach not only offers lessons to practitioners but also has significant implications for donor agencies in financing BDS programs. First, successful BDS market development programs depend on thorough market assessments. Market assessments require the investment of

resources as either the first stage of a full program or before the market development program. Second, resource allocations for market development programs must be realistic—a failed program may be the result of insufficient resources, rather than a faulty model or unattainable long-term goals. And, finally, flexibility in programming enables the piloting of new models in market assessment and market development—bringing an entrepreneurial spirit, and the inherent risk that goes along with that, to an entire system.

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## Notes

The 10 organizations included in this PLP aimed to integrate microenterprises into markets and particularly focused on rural, poor, or underserved microenterprises. These organizations tested innovative strategies for market research and piloted program interventions based on the results. Throughout the two-year program, the participating organizations engaged in a collaborative learning process, assisted by a facilitator, during which they shared ideas, findings, and lessons learned; challenged each other and current practice in market assessment, and documented progress, tools, and conclusions.

The following participating organizations participated in this PLP:

- Association for Community Economic Development and Study of Microenterprises (PKPEK)—Indonesia
- EDA Rural Systems Pvt. Ltd.—India
- Entrepreneurship and Career Development Institute (ECDI)—Pakistan
- Intermediate Technology Development Group (ITDG)—Kenya and the United Kingdom
- International Development Enterprises (IDE)—Bangladesh, India, and the United States
- Jigiyaso Ba Credit Union—Mali
- Mennonite Economic Development Associates (MEDA)—Canada
- Swisscontact—Kenya
- Triple Trust Organisation (TTO)—South Africa
- World Education—South Africa and the United States

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