

**Virtual Conference on Performance
Measurement of
Business Development Services for
Micro and Small Enterprises**

by Mary McVay and
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USAID's Microenterprise
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Most significantly, the facilitators are grateful to the energetic, wise, and practical contributions of the conference participants. Many wrote into the wee hours of the night, making contributions just days after moving from one country to another, in between long field trips, and while on vacation or parental leave. The length of the contributions at times made it very challenging for everyone to keep up, yet these long messages often contained detailed technical information or sophisticated philosophical arguments that made the conference rich and dynamic. Special thanks to those who found humor in an otherwise dry topic.

EXECUTIVE SUMMARY

The Virtual Conference on Performance Measurement of Business Development Services for Micro and Small Enterprises, jointly sponsored by the Committee of Donor Agencies for Small Enterprise Development and USAID's Microenterprise Best Practices Project, took place over the Internet between May 10 and June 11, 1999. The goal was to develop a common approach to performance measurement for business development services (BDS) programs targeted to micro- small, and medium-sized enterprises (MSEs). More than 100 participants were registered, and more than half actively posted messages to the listserv (electronic-mail-handling software) employed for the conference. The conference evaluation reported that the conference was somewhat successful in reaching its goals, which participants found laudable, given the challenging goals and topic.

In the first week of the conference, participants were asked to post a message stating the goals and indicators they felt were most important in assessing BDS performance. The answers spanned a wide range, with some skepticism expressed as to the validity and practicality of developing a common framework. Nevertheless, there was sufficient support for a common framework to move forward. Many participants were interested in looking at the issue from a market perspective, which reflects a new approach emerging in the BDS field. The subsequent weeks were then organized on a "market" basis, as follows:

- Assessing the development of the BDS market in terms of the general availability of services to large numbers of target enterprises;
- Assessing the supply side of the market; that is, the organizations that support BDS providers or facilitate market development; and
- Assessing the demand side of the market, meaning determining the impact of BDS on entrepreneurs and enterprises using BDS services.

In the second week, the conference explored assessing the development of the broad BDS market. This reflected a shift in the BDS field whereby BDS supporters are moving beyond focusing on individual services and providers to focusing on developing the BDS market as a whole. After significant debate about the validity of a market-based approach, a large number of participants agreed that an ultimate goal of a good BDS program might be as follows:

"To develop vibrant and competitive, primarily private-sector markets of relevant, differentiated services consumed by a broad range and significant proportion of small businesses."

The conference compiled a set of specific indicators that needs to be honed further and then tested. These were grouped into "priority" indicators, such as the number of BDS suppliers in the market, amount of sales, number of MSEs served and percent in targeted populations; and "intermediary" indicators, such as market awareness of the services, provider awareness of

the MSE markets, and customer satisfaction with BDS services. The focus was on the overall BDS market, rather than on particular providers or enterprises.

In week three, participants considered the supply side of BDS, which refers to the BDS providers and program managers of a particular BDS program. Relevant goals to measure were divided into the assessment of “providers,” who directly serve MSEs, and “facilitators,” who support BDS providers and the development of BDS markets. BDS provider sustainability was a major topic. After much debate surrounding the viability of using commercial approaches to reach the poor, participants agreed to cost recovery as a key goal for and indicator of provider performance, albeit with many qualifications.

Facilitator performance was harder for participants to grasp, but there was significant discussion about using a return-on-investment or cost/benefit indicator to assess the overall costs and benefits of a BDS program. Participants extensively debated the practicality of this approach and ultimately offered enough support for a simplified cost/benefit analysis to merit its continued consideration. The main rationale was that no other indicator exists that captures total program costs (including those for research and development, start-up, and so on) and compares them with a BDS program’s overall financial impact on clients, which is the main goal of such programs. Participants also contributed to the development of a basic methodology for this indicator.

In week four, participants considered the demand side of BDS programs, or the impact of such programs on users. After considerable discussion about the level of analysis that was necessary, valid, and practical, support emerged for three indicators:

1. Customer (MSE) satisfaction and purchasing patterns,
2. MSE changes in business practices, as defined by the provider, and
3. MSE changes in business performance, in particular “value added, sales of raw materials.”

Information regarding customer awareness of BDS services was rejected as too difficult to measure and too intermediary to be significant. Similarly, information about MSE market development and the impact of BDS at the household level was considered too difficult to collect and attribute to BDS services. Participants suggested that this information would be important for occasional evaluations, but not for regular performance monitoring.

Despite some stalwart skeptics, most conference participants endorsed the continued development of a common performance framework, provided the framework remains flexible and evolutionary. The next steps in developing the common framework will be as follows:

- Develop a guideline for preparing cases studies that will test the performance measurement framework;
- Develop and present case studies that test the framework at the next donor committee conference, in Hanoi, Vietnam, in March 2000; and
- Conduct long-term field testing of the framework, through USAID’s MBP project.

BACKGROUND: PURPOSE, PROCESS, AND PARTICIPATION

The main purpose of the Virtual Conference on Performance Measurement of Business Development Services for Micro and Small Enterprises was to build consensus on a common, practical, and valid framework for assessing the performance of business development services (BDS) programs targeted to micro, small, and medium-sized enterprises (MSEs).

The virtual conference evolved from two efforts to advance the field of BDS. First, the Committee of Donor Agencies for Small Enterprise Development has been leading an effort to document and disseminate best practices and develop donor guidelines for BDS through its conferences in Zimbabwe (1997) and Brazil (1998) and through case studies and analytical papers presented there. Second, USAID's Microenterprise Best Practices Project (MBP) and the SEEP network of U.S. microenterprise development organizations have been developing a "best practices" performance measurement framework based on existing performance measurement indicators and tools.¹ This framework was presented last year at the donor committee's conference in Brazil, where participants agreed to move forward with developing a common performance measurement approach using the MBP framework as a starting point.

The virtual conference was sponsored by the donor committee and MBP. Each member of the committee was asked to invite five participants who represented different regions, different types of BDS programs, and the views of donors, researchers, and practitioners. A listserv was established to enable real-time discussions via e-mail, and a companion Web site was created to provide an archive of messages posted throughout the conference. (Some participants opted to receive only the weekly summaries by e-mail and to visit the Web site if they wished to see individual postings.)

In the first week of the conference, participants were encouraged to make an introductory posting stating the performance measurement goal and indicator they felt was most important for BDS performance assessment. Based on these initial postings, the facilitators developed topics for each subsequent week of the conference that had the specific task of identifying goals, indicators, and methodologies regarding a particular area of performance assessment. The final week provided an opportunity for participants to comment on the conference conclusions, revisit outstanding issues, and discuss the next steps in developing a common framework.

A total of 101 participants located in 31 countries representing more than 33 organizations subscribed to the conference. Just over half of the subscribers were active at one point or another, and the average number of postings was 2.7 per individual. The conference Web site was used approximately 240 times (with more than 1,600 page hits). Participants responding to a closing evaluation felt the conference somewhat achieved its goals and offered additional benefits, including networking, being exposed to other approaches, and learning about other

¹ For more information about the Committee of Donor Agencies for Small Enterprise Development, visit the Web site at www.ilo.org/public/english/65entrep/bds/index.htm. For more information about MBP, a USAID-project managed by Development Alternatives, Inc. (DAI), visit the Web site at www.mip.org.

activities. Most participants said they would take part in other, similar events. The full evaluation report is reproduced in Attachment A.

WEEK ONE: DETERMINING PERFORMANCE MEASUREMENT PRIORITIES

POSTING

The first week of the virtual conference was dedicated to making introductions and determining priorities regarding performance measurement. Participants were asked, “In considering performance measurement of BDS, what are the most important aspects of performance that need to be assessed?” The responses suggested areas both of some consensus and of major debate, and how the myriad of possible indicators might be organized to formulate a framework. In addition, these initial postings solicited significant participation and began the process of participants’ interacting with facilitators and with each other.

DEBATES

The responses spanned a wide range of perspectives, reflecting a diversity of opinions on the most important goals and indicators, as well as the feasibility of developing a common framework at all. Opinions fell generally into the following categories:

- Those who basically endorsed the categories presented in the MBP framework (the goals of scale, outreach, impact, cost-effectiveness, and sustainability measured at the enterprise, provider, facilitator, and market levels).
- Those who advocated a comprehensive cost-effectiveness or cost/benefit assessment. For these group members, the ultimate impact of BDS on clients and on the economy was important to assess, and they felt the technical challenges posed by this type of performance measurement were surmountable.
- Those who were more interested in assessing information that is useful to the BDS provider in developing improved services and getting them to market (for example, information regarding customer purchasing behavior and customer satisfaction). This group contrasted with the group focused on ultimate impact and tended also to care about provider sustainability.
- Those who focused on the market level of analysis. For example, they were concerned with issues such as the “density” of service provision in the market and what the “map” of BDS provision looks like. This group also cared about provider sustainability, but was more broadly focused on the entire market of providers.
- Those who were skeptical that standard measures can be achieved. This group suggested that more can be learned from case study analysis.

CONCLUSIONS

Given the wide range of goals and the lack of consensus over a particular approach, the facilitators opted to organize the subsequent three weeks around the key players that BDS programs are trying to reach rather than around the above framework categories. The categories ultimately selected were inclusive of all suggestions, except perhaps the view that a common performance framework is infeasible. Central to the identification of these players was the new BDS approach of attempting to develop, and therefore assess, the BDS market as a whole, rather than focusing only on the performance of assisted provider institutions or the impact on assisted enterprises. Thus, the first level chosen was *the BDS market* itself; the second, *the supply side* of the market; and the third, the *demand side* of the market.

BDS Market Development. This entailed assessing the development of the market for BDS services for MSEs. Although the “BDS market” was not well defined, it was a high priority for many participants. Some articulated it as creating a “map” of BDS services, others as assessing the availability of MSE services in the private sector, and others as assessing “market penetration.” Others were interested in measuring how well demand for BDS has been stimulated; week two of the conference focused on this topic.

Supply Side. This level involved assessing the performance of BDS providers (meaning those that directly supply BDS to MSEs) and other organizations that facilitate the development and dissemination of BDS.

Demand Side. At this level, participants focused on assessing enterprises, entrepreneurs, and markets in need of business products and services.

Thus, after week one, the participants concluded that the work of building consensus on a common framework would be a challenge indeed. Nevertheless, a structure for the framework emerged based on the strong interest of many participants in using the concept of the BDS market to frame performance assessment.

WEEK TWO: MARKET DEVELOPMENT INDICATORS

POSTING

The facilitator's opening message on market development indicators expressed the strong interest of participants in focusing their work on developing sustainable BDS markets rather than on delivering subsidized services through assisted nonprofit institutions. The posting also emphasized that this is a new area and, therefore, a challenging one. The facilitator clarified the definition of "BDS market development" as "the demand by small businesses and supply to small businesses of BDS. It is *not*, therefore, about the performance of individual providers/facilitators or the development of the market for small-business products and services."

The rest of the posting focused on three key questions:

1. What are our main objectives with respect to market development? What are we trying to achieve? What difference do we want to make in the market for a particular BDS? In the first week, among the general objectives mentioned were improving the availability of services from the private sector, increasing market penetration, improving the flow of BDS product knowledge, overcoming specific constraints that cause market failure, and, more broadly, building the market.
2. What indicators can be used to assess performance against these goals? In what way will market development be manifested in the real world? How do we know that a market has developed? Are there useful proxy indicators of market development, or must we rely on more direct measures? What indicators should be used to assess "negative" market development resulting from BDS interventions? Among the indicators mentioned in the first week were number of customers buying services, number of repeat purchases, supply-side mapping of different providers, capacity development of providers, BDS market prices, BDS provider profitability, and new provider entrants to the market, including "copycats."
3. How can we measure performance against these indicators? What methods or tools do we have to gather the appropriate data? Where is more work required to develop more relevant tools?, These questions were not covered in any depth in the first week; nonetheless, it is important to consider methods of measurement (*how* we measure) at the same time we examine indicators (*what* we measure) so that our approach is practical from the outset.

DEBATES

As week two progressed, there developed a long and promising list of potential indicators for assessing BDS market development (see "Conclusions," below). Nevertheless, the conference was not without its skeptics on the relevance of "market development" as a goal or the ease of

measuring it, and some lively debates ensued. Following are various comments from those discussions.

Is Market Development an Appropriate Goal?

On the One Hand

“In short, our job is to help suppliers of critical services improve their products and their outreach, coach managers of MSEs to try outsourcing some of these functions, and then light the fuse and hope the market takes off. Success is simply whether large numbers of people buy the service over time. The market takes care of sustainability. There is nothing so convincing as willingness to pay.”

On the Other Hand

“I’m a bit worried about the dichotomy that at times seems to be taking place between markets (good) and institutions (bad). Particularly for hard-to-reach enterprises (the very small, the very poor, the very remote) with limited capacity to articulate their service needs, it seems to me that creating viable institutions with [a] long-term presence may be the best means of ensuring the responsiveness and effectiveness of BDS. How does this fit within a market-development framework?”

Defending the Market-Based Position

“You pose the interesting question as to whether market development is inherently better as a strategy than subsidized services. Again, this depends on what you want to achieve; subsidies are useful if you want to deliver something special to a limited group of people within a limited time frame. But this group will most likely be only a small proportion of the total, so they will be the lucky few. Meanwhile, market development implies increasing competition and diversity among BDS providers—and competition in particular is surely good, in the long run, for the MSE consumers of BDS products. Prices are likely to be lower, products better and more diverse.”

Critiquing Subsidized Services

“We have researched the large private training sector ... which exists with no donor funds. We identified well over 100 small institutions and independent trainers who provide a sustainable and important service but who are being squeezed by the growth of highly subsidized training.”

On the Importance and Feasibility of Measuring Market Development

The Field Needs a Tool Kit

“You are absolutely right, market analysis should definitely comprise the preparatory stage of any intervention; [thus] the more important it is to have discussion on appropriate instruments and probably [agree on] some sort of “standardized tool kit.” In addition to other benefits, this can facilitate sharing of information within the donor community and help decrease costs of preparatory research.”

But Can a Valid Tool Kit Be Developed?

“While there are some general approaches and questions that are common, answers are often very case-specific. One often learns the most by casting a net which is wide in terms of a whole subsector, and taking account of a fairly comprehensive historical perspective; one [also] learns a lot from a careful look at some particular cases, and it’s awfully difficult, ungrounded in such cases, to agree on a common set of measures that would be widely appropriate across widely differing circumstances.”

And Would It Be Practical?

“We have not spent time mapping out the market beyond this kind of [qualitative] comparison between demand and supply. To really map it out and get some kind of comprehensive baseline would involve going around and counting all the accounting firms in [a country], or maybe just in one of the urban areas, and then calculating current use of services on the part of MSEs. This is too hard and time-consuming and, I think, not worth doing.”

In addition to the above debates, the facilitator highlighted **two unresolved issues**:

- 1) Costs: “How can we find a way of relating the costs of our intervention to indicators of market development? We cannot ignore costs; this needs to be addressed. In particular, how can we find a way of making the costs of subsidized markets apparent in our assessment approach?”
- 2) Attribution: “Probably in interventions where market development is the key objective, there are fewer problems of negative displacement compared with other BDS interventions. However, we have not yet considered in any depth how we can try to link intervention more directly with market development change.”

CONCLUSIONS

Despite these debates and issues, there was sufficient support for assessing market development to merit keeping it in the evolving framework. Most postings focused on identifying potential indicators to use in assessing market performance. These are outlined below in the facilitators’ concluding posting for the week:

Defining Market Development

In market development interventions, the general goal is to develop vibrant and competitive, primarily private-sector markets of relevant, differentiated services consumed by a broad range and significant proportion of small businesses. What we mean *specifically* by market development is defined essentially by the indicators we select for its assessment. Indicators have been divided into those that are perceived to be most important—priority indicators—and those that might be regarded as intermediary, although perhaps critical in new and emerging markets. For some of the indicators included as intermediary, the methods of measurement are unclear.

Priority indicators—Change in:

- Number of suppliers,
- Size of the market (sales of suppliers),
- Quality and differentiation of products,
- General level and spread of prices,
- Number of customers and percentage of them in priority groups,
- Number (and percentage) of multiple-user customers (customer retention), and
- Percent market penetration.

Intermediary indicators—Change in:

- Customer awareness of available services,
- Customer reach (percentage of those who are aware of the services who have used them),
- Supplier awareness of potential sources of new ideas on products,
- Supplier awareness of customer needs,
- Profitability of suppliers,
- Customer satisfaction with services,
- Change in customer behavior, and
- Supply-side networking.

Many of the above indicators need tighter definition (for example, defining what constitutes a product, what the key market segments are, what type of customer behavior exists, and so on), but many of these definitions can only be determined in a specific context for a particular BDS. Also, which indicators are most practical to measure will depend crucially on market conditions: tracking sales in a market with 100 suppliers may be seen as too costly; if there are only 10, however, it may be possible.

Methods of Assessment

The focus so far has been mainly on identifying indicators (rather than methodologies), perhaps reflecting the limited practical experience in market development assessment. The following are among the main points identified in the discussion on methodologies to date:

- One of the main methods of measurement will be surveys. Initially, baseline data may be collected as a part of the initial design of an intervention so that good practices in design and performance assessment are consistent.
- Focusing performance measures on providers (supply side) is clearly less expensive than including direct measures of small-enterprise customers (demand side). However, there exists a tradeoff between cost and the quality of our understanding of the market.
- Focus groups (or other customer research methods) may be the most appropriate way of assessing customer perceptions of product quality.

- One key consideration is finding methods that are the least intrusive to market players so that the potential for distortion from external donor-funded involvement is reduced. A related issue is determining how providers (and customers) can be persuaded to divulge information.

Thus, on the topic of BDS market assessment, conference participants generated significant debate, and they did not reach a clear consensus on how to measure BDS market development. Nevertheless, the discussion produced a long list of potential indicators from which to choose and test, some initial methodological directions, and a clear understanding of the major issues to be aware of when focusing performance on the development of BDS markets.

WEEK THREE: SUPPLY-SIDE INDICATORS

POSTING

The facilitator posting for week three asked participants to identify ways of assessing the supply side of the BDS market. “Supply side” was defined as “the performance of BDS providers who directly supply BDS to MSEs, and the performance of other organizations that facilitate the development and dissemination of a BDS.”² The main debate raised by participants’ initial postings was whether to focus on the institutional sustainability of the BDS provider, which parallels performance measurement in the microfinance field, or whether to take a broader, “cost/benefit” or “cost-effectiveness” approach, which would consider all program costs and all program benefits.

As in the previous week, the focus was on (a) What is the objective being assessed? (b) What indicators can be used to show progress? and (c) What methodologies can be used to collect data on these indicators?

The indicators suggested during the first week of the conference were organized into two categories, and the issues raised so far were summarized, as follows:

Goal 1—At the Provider Level, Financial Sustainability of BDS Providers; Indicators:

- Repeat customers;
- Profitability of particular services: cost per client/fee per client;
- Institutional profitability: overall costs/overall income;
- Ability to re-invest in product development to cover product development costs;
- Market position, competitive market share; and
- Time frame.

Goal 2—At the Facilitator Level, Achieving the Maximum Impact for the Lowest Cost; Indicators:

- Overall cost/benefit, return on investment, or “bang for the buck”;
- Improving the enabling environment for MSEs or providing other public goods;
- Developing the market for BDS (discussed in week two);
- Large numbers of MSEs procuring services;
- Large numbers of underserved MSEs procuring services;
- Strengthening and developing BDS providers;
- Cost per client served;
- Cost per enterprise started or grown;
- Cost per job created or preserved;
- Payback period (cost of program divided by monthly income raised by assisted entrepreneurs);

² Participants used the terms “provision” to mean direct BDS delivery and “facilitation” to mean activities that support BDS provisions, such as market research, service development, start-up costs, fund-raising, performance monitoring, and so on. These were defined in the MBP publication “Performance Measurement for Business Development Services: A Preliminary Framework.”

- Internal efficiency indicators, preferably by type of BDS; and
- Creation of a sustainable facilitator.

Issues

1. Are there clear definitions of and appropriate roles for “providers” and “facilitators”? The definition used above is that a BDS “provider” interacts directly with MSEs to offer a service (or product) that will improve business operations or help someone start a business. A BDS facilitator, in turn, works with BDS providers to help them provide services to MSEs and, often, to develop the wider market for BDS. As we have seen in many postings, there are many configurations of providers and facilitators. Sometimes these two roles are combined in one institution (which can become a conflict of interest). Sometimes the donor plays the facilitator role, and sometimes a nongovernmental organization (NGO) facilitator serves private-sector BDS providers. Defining which activities fall into which categories will be an ongoing debate in the field. We seem to be continually finding ways to charge for services that were once considered “public goods.”
2. A related issue is public goods. Is BDS provider sustainability an appropriate goal even when trying to reach the poor? For all types of BDS? How does one define “public good” appropriately, and how does one know when it is merely an excuse for subsidizing poor-quality, expensive services?
3. Who is the market for this performance information? We do not want “clueless” information that states how we are performing but fails to help develop better services. BDS providers are interested in one set of data, but facilitators may be interested in a different set.
4. How “upstream” (close to the provider, meaning “effect level”³) or “downstream” (away from the provider, meaning “impact”⁴) should we be assessing performance? Can we identify indicators that look at different project phases appropriately? The first stage toward provider sustainability may be establishing repeat customers, then gradually scaling up, then turning a profit, then developing new services, for example. Efficiency indicators are even more upstream and would have to be developed for specific services.
5. How can we account for the different contexts in which programs operate, such as policy environments, regions, economic environments, and different target populations?
6. Measuring the profitability of private-sector BDS providers may prove as challenging as measuring the profitability of MSEs. How do we collect data from private-sector providers?

³ Effect level refers to the BDS provider’s ability to go from full cost-recovery to financial sustainability to efficiency.

⁴ Impact refers to changes in people’s lives as a result of achieving the benefits of a business development service.

DEBATES

The topic of supply-side performance measurement instigated significant debates. One group staunchly supported provider sustainability as the only important indicator: If MSEs are willing to pay for services, group members argued, what other test is there? Others said that commercially driven services would never reach the poor, and that the fact that a service is paid for does not necessarily mean the service is of good quality. One participant went so far as to suggest that “facilitation” activities—that is, research and development of a BDS, program setup costs, and so on—could be sustainable. Other participants debated a “cost/benefit” or “return-on-investment” approach. Some felt this was the only way to capture benefits to clients and total program costs. Others said it was too complex to be valid or practical. Some important quotes that reflect the tenor of these debates follow.

Is Provider Sustainability a Good Proxy for Ultimate Impact on an Enterprises?

Sustainability Is Both Valid and Practical

“I still think that if BDS providers’ income grows, or, better still, if the BDS providers’ cost-covering ratio (income from entrepreneurs for services sold to them) goes up, then the customer/ entrepreneur has approved, used, and mostly benefited from the services. This [proxy] is also more practical, as we only have to check a few BDS providers versus hundreds of entrepreneurs.”

“My reason for checking the financial sustainability of BDS providers was to get quick but indirect feedback from clients (MSEs) on the service provided; namely:

- a) If the BDS are sold by the provider at full (or almost full) cost, I can assume it is a ‘good’ service;
- b) If full costs can be recovered by the provider, the services will go on being useful; and
- c) If full (or high-cost) recovery is a short-term objective, then I can use normal business criteria and incentives when promoting BDS providers, instead of [doing] the more difficult task of obtaining clear information on MSE satisfaction, growth, increased number of employed [and so on].”

Cost Recovery Misses the Mark, Especially for the Poor

“Cost recovery may be a valid and practical factor in cases where we are not working with the poor, but that is hardly ever the case in developing countries, where BDS is most required. Also, this indicator would fail to measure the quality of service.”

On the Contrary, for Serving the Poor, Sustainability Is Essential

“Long-term self-financing is seen as an indispensable piece of our strategy, especially because our clients are low-income people. Recognizing the client’s right to decide requires the establishment of services the clients can have access to at competitive/cost-recovering prices. Secondly, we believe it is not ethical to create false expectations in people who are already facing serious problems [of survival]. If the services are to improve the clients’ businesses, they [must] become a need for them. Starting services that are not planned to last over time

will defraud our clients' expectations of [being important to] a service center that forms part of their survival strategy.”

Willingness to Pay Says Nothing if the Service Options Are Limited

“To focus on the ‘BDS market’ is short-sighted. Viability in this market is by no means a measure of broader growth in the businesses served. [In a market with limited choices, people purchase poor-quality services out of desperation.] I think in this forum we should be far-sighted enough to focus on the wider development issues.”

How about Different Measures for Programs Serving Different Populations?

“How much various programs need to be subsidized [versus] those based on cost recovery should be determined by whether MSEs have become profitable and can sustain their success. But programs that involve technology and skills would have to be subsidized for microenterprises. For the profitable small enterprise, cost recovery should be the criterion; cost-plus-profit should be limited to the upper tiers of the enterprise.”

Is Provider Sustainability Easy to Measure?

Not as Easy as It Seems

“Regarding percent subsidy on service: ... Does the BDS provider know the percent of subsidy for every service? What about hidden cross-subsidies? Would we really get precise and comparable indicators? Does the BDS provider want to tell us?”

Some Potential Guidelines

“The cost component of BDS providers, like direct cost and all operational costs (including depreciation, amortization, and product development cost), should be clear and taken into account in calculations. If the BDS providers also have clients from non-MSEs, we will have to separate them when making analyses of sustainability. Otherwise, we will [seemingly show] good performance by BDS providers [when in reality] most of the income is coming from donor agencies or the government.”

Taking Market Context into Consideration

“A standard set of indicators could be used to measure performance of suppliers and facilitators, but the benchmarks for performance would depend on the level of market development of the particular service in the particular area. That way, providers and facilitators would be compared only with other providers and facilitators in similar market situations.”

What about Facilitator Sustainability?

Even Service Development and Market Research Should Be Sustainable

“While it may be perfectly fine for donors to say they would fund those [facilitation] costs, the best-case scenario is a provider who has enough revenues to be able to reinvest in product development—both constantly and at critical times when the market demands it, not just

whenever a donor is around to provide a handy grant. Providers are smart enough to innovate when the market requires it.”

Preposterous!

“If you decide to include costs incurred by the facilitator/donor, which are in any case so out of sync with local cost structures, then you are ensuring that the BDS doesn’t become sustainable till eternity!”

Even Dangerous!

“I, for one, would favor abandoning the indicator of facilitator sustainability, since this might encourage facilitators to compete with providers.”

Facilitator Assessment: Is Cost/Benefit Analysis Feasible?

It Is the Single Most Valid Indicator

“In this regard, I strongly believe that the most important indicator should be a program’s cost-effectiveness as defined by its “bang for the donor’s buck” (some are calling this, or something close to this, return on investment) and that any other indicators are either subsumed under this one or are significantly less important.”

Start-up Costs Must Be Considered, and Return on Investment Does This

“What we in the donor and NGO communities wish to do (I think) is to systematize these services based on needs assessment; introduce technology which otherwise will take years to reach [MSEs]; provide market information which otherwise is not accessible and thus make services more reliable, less exploitative/expensive; and be ‘pro-poor.’ While doing so, there are ‘start-up costs’ for each set of new variables (clients, interventions ...). In my opinion, the start-up costs should have strong justification vis-à-vis impact (cost-effectiveness, money spent versus earned additionally per client).”

But Is Cost/Benefit Analysis Practical?

“In my research to date on cost/benefit analysis, I have found it to be a very complex tool. It is complex to gather and convert impact data into financial terms.”

Challenging, Yes, but Necessary

“Because it’s difficult we shouldn’t bother with it? Surely the point is whether it is key or not. I think it is; therefore, we have to work on cost/benefit analysis rather than on indicators which may be more user-friendly from the assessor’s point of view but which do not have a direct link to impact.”

CONCLUSIONS

Despite, or perhaps because of, the rich debate, participants did reach some middle ground on the key issue of provider sustainability; namely, that provider sustainability is a key indicator, but that it must be looked at in conjunction with other indicators and in the context of

program variations. In the face of significant, ongoing opposition, the momentum nevertheless picked up for some kind of cost/benefit analysis to assess facilitator performance, capture total program costs, and, most important, capture benefits to clients. The following is the concluding facilitator posting for week three on supply-side performance indicators.

Provider Performance

Although there is still debate remaining about the goal of “sustainability,” the middle ground, for which there are significant supporters, is that provider sustainability is an important but insufficient and, in some circumstances, unattainable goal. It is an important measure of the long-term availability of services and should be used, but with significant qualifications, as follows:

- The field should track cost recovery among BDS providers, but the benchmark of the level of financial sustainability will vary according to economic context, target population services, and perhaps other factors. As a benchmark, cost recovery should be balanced against other impact, scale, and/or outreach goals.
- The cost side of the equation should be allocated according to operational and product development costs, and direct and indirect costs. Many participants have recognized, however, the challenge of assessing these costs among purely private-sector BDS providers that are not receiving ongoing grants. Thus, if a BDS provider is not receiving grants, it can be presumed to be profitable.
- On the income side, there is a general consensus that the goal of cost recovery refers to income generated from clients receiving BDS services, and that other income, earned from consulting fees charged to donors or interest on accounts whose source is donor grants, should be accounted for separately. Again, this is only relevant for providers receiving grants.
- A clear definition of “BDS provider” needs to be developed to clarify the difference between provider activities and facilitator activities, which participants agree often need to be subsidized even for medium-sized businesses.
- In addition, provider sustainability needs to be considered in conjunction with some measure of the quality of services provided or the impact the services are having on MSEs. Suggestions include a) repeat purchases, b) customer satisfaction surveys or “provider reputation” surveys, and c) using the impact indicators that will be discussed next week.

Facilitator Performance: Creating the Biggest Impact for the Lowest Cost

- There is significant support for some kind of cost/benefit assessment on the grounds that a) this is the only way to assess total costs and total impact and to know that development

dollars are being well spent to make an impact; and b) for marketing purposes, the field needs to use some indicators that allow comparison with other public investments. What exactly this will look like is still a matter of debate. One suggestion is for a one-off study that will demonstrate impact, another is for the overarching framework for the field to be “return on investment,” with the subcategories of other indicators adding up to the grand total.

- Another suggested option is to assess the “subsidy content” of a unit of service, in two ways: a) calculate total BDS provider cost per unit of service/price paid by MSE per unit of service, and b) calculate total BDS provider and facilitator costs/price paid by MSE per unit of service. The former assesses BDS provider subsidies; the latter includes facilitator subsidies. (For example, the Kenya voucher program reports that the “subsidy content” of training including provider costs is only 70 percent to 90 percent; participants pay 30 percent to 10 percent of provider training costs.) One would ideally look at these trends over time.
- If all this becomes too complex, some participants have suggested that simple indicators such as “total costs/number of MSEs served” be used in conjunction with BDS financial sustainability.

Methodological Issues

- The practicality of measuring return on investment is still under debate, particularly the challenge of assessing impact on MSEs.
- Some participants have raised as an issue the challenge of assessing detailed costs and income among BDS providers.
- Defining “facilitator” and “provider” functions poses another challenge.

Consensus

The consensus from week two’s discussion on market development indicators was that in market development interventions, our *general* goal is to develop vibrant and competitive, primarily private-sector markets of relevant, differentiated services consumed by a broad range and significant proportion of small businesses. Part of the conclusions from week three, however, was that BDS provider sustainability is often infeasible in some contexts and for some populations. How can these two perspectives be reconciled into one framework?

Some progress was made toward consensus in week three, but many issues were left to be addressed in week four, when the conference turned to demand-side performance indicators.

WEEK FOUR: DEMAND-SIDE INDICATORS

POSTING

In week four of the virtual conference, participants considered “demand-side” performance indicators, which are indicators for assessing the impact BDS programs have on enterprises and entrepreneurs. Going into the week, two main perspectives emerged. First, many participants felt performance measurement should focus on the main goal of the BDS program: to have an impact on entrepreneurs, enterprises, and economic growth. According to this view, a performance measurement system needs to assess the benefits of a BDS program and compare them with program costs. Second, other participants said this challenging task is best left to evaluators, and that a performance system should focus on helping to develop better BDS. This latter group suggested a focus on customer wants and needs, and information on changes in behavior that would be helpful to a BDS provider. Such a focus would, for example, examine questions such as, How is a BDS used? How does it benefit a customer? How often do customers buy it? What do they like and not like about the service?

The facilitator’s initial posting grouped the demand-side indicators raised so far in the conference into several goal categories. These were presented with the most immediate effects first and the ultimate impact last. Participants were asked to determine which goal categories are practical and valid to measure, and what indicators can best reflect those goals.

Goal 1: Increase Awareness and Perceived Value of BDS

1. Awareness (percent of those surveyed who correctly defined the service).
2. Reach (percent of those who are aware of the service and who have tried it).
3. Satisfaction with or perceived value of the service.

Goal 2: Increase BDS Purchases

1. Retention (percent of those who have tried it and who used it last month—this is a proxy for frequent use).
2. Frequency of purchase of the service (repeat purchasing).
3. Amount (percent of MSE costs) spent on the service.
4. Percent subsidy on the service.

Goal 3: Improve Business Practices

1. Take-up rate (number of customers using or benefiting from the service/number procuring the service).
2. Changes in business practices, such as access to new markets, product development, use of technology, use of accounting systems, and use of subcontracting, that the service is designed to create (number changing divided by number procuring the service).

Goal 4: Improve Business Performance

1. Sales.
2. Employment.
3. Profitability.

4. Payback period (how long it takes for an entrepreneur to earn back the investment in the BDS).
5. Assets.
6. Capital employed.
7. Business start-ups.
8. Business sustainability, stability, and liquidity.

Goal 5: Improve Business Markets and Economic Growth

1. Based on increased sales and employment in assisted businesses, increased contribution of the program to gross domestic product or export growth, and to employment generation.
2. Growth rate of the MSE sector or particular subsectors, based on macroeconomic data.

Goal 6: Improve the Entrepreneur's Quality of Life

1. Increased take-home income from the business.
2. Increased household income.
3. Increased employee wages.
4. Other indicators of improvements in the quality of life and standard of living.

In addition to the indicators above, participants raised several issues concerning the effect of BDS on MSEs. These are listed below.

Issues

Practicality and validity: Participants said that, on one hand, the group at some stage needed to assess whether BDS ultimately are improving people's lives and the economy. On the other hand, they noted, this is difficult to measure and may be assumed from more practical, "upstream" measures, such as changes in business practices.

Economic versus social indicators: Participants noted that some programs focus on poverty alleviation while others emphasize economic growth. The ultimate-impact indicators and target populations for these programs, therefore, may differ. How then, participants asked, can we apply similar indicators to both? Or, can we assume that improved business practices and business performance are good proxies for both types of program?

Attribution: In assessing ultimate impact, how can we determine whether it was the BDS that made the difference?

Capturing benefits over time: Benefits accrue over long periods. Do we need to capture benefits that occur long after the project life? If so, how can we do so?

DEBATES

As with prior topics, the debates over demand-side indicators were significant. They fell into two main categories. First, participants debated which performance goals and indicators were most important. Second, they addressed the issues noted above and raised additional ones.

Prioritizing Goals and Indicators

Participants shared their wide-ranging views on which goals and indicators were most important and which were easiest to measure. Individual comments are quoted below.

Focus on “Upstream” Indicators That Help Providers Understand Their Customers

“[These include] customer satisfaction, repeat purchases (if appropriate), reach (number of customers), and, if provider-MSE interaction is sufficient to gauge, changes in business behavior as reported by entrepreneurs. Providers have the incentive to measure these [indicators]—as private-sector companies do—in order to increase their appeal to customers, improve services, etc.

“I think (and my experience tells me) that it is too difficult and time-consuming to gather data on impact on a frequent basis. The donors should gather impact data through evaluations on an occasional basis to make sure their goals are being accomplished. But let the providers focus on the job at hand.”

Why Repeat Customers Aren’t Always a Relevant Indicator

“Regarding repeat consumers, there are of course some limitations to this. For example, some BDS products are designed to last for a long time (for example, a business plan), and it may not be necessary to come back again soon if the product was well delivered in the first place. Secondly, in the long term, by making repeat use an indicator, would 100 percent of your portfolio being repeat consumers be a good thing?”

The Need to Go Deeper, to Understand whether MSEs Actually Use a BDS

“Improvement in business practices: I think this is the ‘heart’ of impact evaluation. If this is done within a relatively short time of when the service was delivered (three to six months or one logical business cycle), the results are likely to lead to a better understanding of whether the product was correctly constructed or delivered and whether the assumption that it would have an impact on the business is indeed valid. Measuring this indicator on a regular basis is market oriented and serves the needs of all concerned.”

Yet, Assessing Changes in Business Practices Is Challenging

“We have used this indicator (number of changes in business practices). The difficulty, however, has been tracing the changes to the BDS provider training or consulting. Often, new ideas pop up and are discussed in the MSE groups and in the markets. If one MSE makes a change (for example, laying out his workshop to improve production flow) and others copy [it], what does that mean? Changes occur, but why?”

More Important Is Assessing the Benefits to MSEs

“The indicators the MSEs are interested in are business performance, business performance, and business performance. All the rest of it is ‘fluff.’”

For Assessing Business Performance, Use the “Value Added” Concept

“In this cluster [business performance], I would concentrate primarily on value-added [indicators], such as sales of raw materials. It is more interesting than sales [of finished

product], is closer to GDP, already includes employment and profit, and is not difficult to collect. Consequently, employment is not a market-oriented indicator.

“Using profitability is simply unreliable; again, “value added” has profit in it. Assets and capital employed are nice to have (I have used these as indicators), but, again, they can be unreliable and are subject to a lot of accounting conventions that vary from country to country.

“I don’t think quality of life will be easy to quantify across the board. It is probably best left to the advertising campaigns, which, quite rightly, point out the difference that starting a tailoring business with a small loan has made in the lives of ‘Maria and her family.’”

Is Assessing a Business Enough?

“If the focus [of a program] is economic, the indicator should be economic; if it is social, the indicator should also be social. I do [agree with the statement], ‘We can assume that improved business practices and business performance are good proxies for both [types of program],’ but I doubt a socially focused program will be happy with improved business practices and business performance as a proxy indicator.”

A Compromise

“A few goals are common to us all: growth of target/beneficiary MSEs, employment, and economic prosperity.”

The Need to Assess Impact May Depend on Provider Sustainability or the Use of Public Funds

“Depending on the cost-recovery rate of the BDS provider, there might be different needs for information: Under the assumption that the BDS provider can cover over 80 percent of the costs of producing his services, what information does the donor need? Maybe ‘outreach’? What does the facilitator need—efficiency? If the BDS provider covers less than 30 percent of his costs, what information is required? I assume that the questions will be different and more detailed, as the economical figures do not give the proxy indication of following the ‘right path.’ It has to be understood why costs are not covered, how many MSEs are serviced with highly subsidized services, and whether these are the ‘right’ services.”

Issues

The participants also debated the aforementioned issues, often with enlightening analogies and humor and frequently raising new issues.

How Much Will All This Monitoring Cost?

“I would add to the issues the cost of measuring certain indicators (in some cases a complex and expensive undertaking). A balance has to be found between using relatively simple indicators that are relatively easy to monitor and yet are [still] sufficiently significant.”

Who Will Do All This Work?

“Several have mentioned the need for practicality and user friendliness of the performance measurement system. For whom? Often, the prime focus seems to be on the donor as user. This is correct, though equally important are the BDS providers themselves as users of the performance measurement system.”

Who Needs What Information?

“First of all, before we embark upon the actual task of compiling performance indicators for BDS, we need some soul searching to try to find the hidden motivation of each stakeholder. There are three key users of information, and we need to know what they want!”

Even if We Collect the Right Data, How Do We Know the BDS Program Caused the Change?

“In terms of attribution, does it really matter who made the difference?”

“I believe the only way to do this is to ask the entrepreneur. At best, our estimate of attribution will be subjective.”

“I think we should be more humble. We may contribute, but we are not the solution.”

Over What Time Frame Should We Monitor Impact?

“I believe that the impact of a typical BDS fades over time. The speed at which it fades depends on the intensity of the experience, the behavioral change induced, and the activities stimulated.”

Don't We Really Need Service-Specific Indicators?

“Where appropriate, the general framework indicators could be complemented by indicators that are ‘tailor-made’ to specific service areas by the ultimate users (donors, facilitators, service providers).”

“Are there significant reasons that training-type BDS should be considered in a different light than technology-development and promotional BDS? Or that other different types of BDS (e.g., marketing projects) should be considered in different ways? What I am saying is that all donor investments in BDS should be measured in terms of ‘B for the B’ [cost/benefit analysis].”

“Is our all-trade discussion edging toward disallowing a valuable tool for us carpenters because it may be of little use for the masons, plumbers, electricians, etc.?”

“A banana is a very poor mango, but they are both fruits and go well together in a salad. Don't tell the carpenter he's a lousy plumber.”

As illustrated above, week four was a “soul-searching” week for many participants. Some postings began to examine demand-side indicators in the context of supply-side issues such as provider sustainability. Others returned to basic performance measurement questions such as the time frame in which to count benefits, attribution, and whether a common framework is feasible after all. In general, though, many participants commented in great detail on the specific indicators proposed. This allowed for some specific conclusions.

CONCLUSIONS

As with previous debates earlier in the workshop, the debates on demand-side indicators did not lead to clear solutions to the performance measurement challenge, but opinions gradually converged on several goal categories. Specifically, most participants supported a focus on three levels: (1) customer satisfaction, (2) changes in business practices, and (3) changes in business performance. Several issues were also put to rest, at least for the moment. For example, participants agreed that both socially and economically oriented programs care about some common indicators, and that the time frame for assessing performance needs to be short term. In addition, during the week, support continued to grow for a cost/benefit approach in the framework, and for a framework structured around the stakeholders (donors, facilitators, providers, and MSEs), their goals, and what information they need. Of course, many issues remain, and the list of demand-side indicators is still quite long. The following is the concluding facilitator posting for demand-side indicators.

Goal 1: Increase Awareness and Perceived Value of BDS

1. Awareness (percent of those surveyed who correctly defined the service).
2. Reach (percent of those who are aware of the service and who have tried it).
3. Satisfaction with or perceived value of the service.

Conclusion: Awareness and satisfaction are useful for providers, while satisfaction is more useful for funders and facilitators. Eliminate reach as an indicator.

Goal 2: Increase BDS Purchases

1. Retention (percent of those who have tried it and who used it last month—this is a proxy for frequent use).
2. Frequency of purchase of the service (repeat purchasing).
3. Amount (percent of MSE costs) spent on the service.
4. Percent subsidy on the service.

Conclusion: Frequency of purchase and percent subsidy are useful for providers. Repeat purchasing is a good indicator, but not for all services. Eliminate retention and percent of MSE costs.

Goal 3: Improve Business Practices

1. Take-up rate (number of customers using or benefiting from the service/number procuring the service).
2. Changes in business practices, such as access to new markets, product development, use of technology, use of accounting systems, and use of subcontracting, that the service is designed to create (number changing divided by number procuring the service).

Conclusion: Participants concluded that providers and facilitators need both take-up and practice-change information to understand whether a service is effective. Some participants still contended, however, that improvement in business practices is difficult to assess; others said assessing improvement is insufficient to serve as a proxy for service impact.

Goal 4: Improve Business Performance

Conclusion: This indicator remains in debate. Some participants said it is beyond the interests and capability of providers to track. Others said it is the most significant indicator. One suggestion offered proposed that the indicator should instead be “value added, sales of raw materials.” Participants still support tracking employment.

Goal 5: Improve Business Markets and Economic Growth

Conclusion: Eliminate this indicator. Although it is interesting, participants said, it is not important enough to merit the effort required to track it.

Goal 6: Improve the Entrepreneur’s Quality of Life

Conclusion: There remains some weak support for this indicator among a few participants, but many said it is too challenging to measure. Others suggested it could perhaps be examined in occasional evaluations.

Issues

Practicality and validity: Most of the debates above are the result of participants struggling to find the right balance between these two issues. Everyone recognized the need for both.

Economic versus social indicators: Although participants recognized that these two indicators have essentially different objectives, they agreed that both aim for business performance and employment growth. They also agreed that the same performance indicators can be used for both types of programs, but that the benchmarks for economic and social programs may differ.

Attribution: This remains in debate. One participant said that evaluators should ask the entrepreneur in determining whether business changes are attributable to BDS. Another said that in good BDS programs, attribution is clear. Yet another remarked, “You can’t know, so why try?”

Capturing benefits over time: Overall, participants agreed that BDS should have short-term benefits and that, therefore, those benefits should be able to be captured within the life of the project.

As in previous weeks, some of the conclusions from week four contradicted earlier conclusions, and some of the issues raised were equally relevant to other aspects of performance measurement. Thus, the challenge for the last week became to synthesize the conclusions of the previous weeks and to try to resolve some of the outstanding issues.

WEEK FIVE: SYNTHESIS, CONCLUSIONS, AND NEXT STEPS

POSTING

The final week posting from the facilitator stated two key objectives:

1. To consider the next steps in improving performance assessment in BDS, especially the development of a valid and practical common performance framework.
2. To summarize, review, and make final comments on the previous weeks' conclusions and remaining issues.

Then, to facilitate participant comments, the facilitator posted three separate e-mails that proposed some next steps, reviewed the outstanding issues arising from the previous weeks' discussions, and summarized the previous weeks' conclusions. The intent was to provide participants with sufficient information to allow them to synthesize the conclusions reached so far, and to address the key issues facilitators had identified as high priority for moving forward in developing a common framework. Finally, the intent was to engage participants in the next steps of developing a performance framework. Postings 1 and 2 follow. Posting 3 was identical to the conclusions from the previous weeks, which appear in this report in previous sections.

Posting 1: The Way Ahead

“As we enter the final week of this virtual conference, where do we go next in the wider process of improving performance assessment (and, from this, performance) in BDS? First, it is important that we remind ourselves of the overall global process of BDS learning and development of which this conference is a part. Aside from the great progress individual BDS organizations have made in recent years, donor agencies, mainly under the auspices of the donor committee, have sought to encourage improved BDS practices through various means. Since the publication of the ‘Preliminary BDS Guidelines,’ the committee has engaged in three events so far, in the last year, to advance understanding of BDS. The first took place in Harare (for sub-Saharan Africa), the second in Rio de Janeiro (for global papers), and the third also in Rio de Janeiro (for Latin America and the Caribbean). Papers from these events can be accessed via the International Labor Organization (ILO) Web site (www.ilo.org). Additionally, the Harare report is available from the ILO, and the reports on the Rio de Janeiro events will be published shortly.

“Plans are now being made for an event in Hanoi, Vietnam, provisionally in March 2000, that should include papers on BDS in Asia. As with the other events, this one is being organized by a small working group comprising several agencies; this time, the group includes USAID, International Finance Corporation (IFC), and German Technical Agency for Cooperation (GTZ). The focus in Hanoi will be on a greater understanding of BDS delivery in an Asian context.

“Nonetheless, understanding about BDS has progressed significantly, thanks to the events mounted to date. It is important not simply to repeat the format of those events, but to try to build on the momentum established. One way to do that may be to apply whatever set of performance indicators can emerge from this virtual conference to detailed case studies for consideration at the Hanoi event. It would therefore be an indicator of this conference’s success were some member agencies willing to apply a revised framework to one or two case studies for Hanoi.

“It is currently planned that a revised framework will be developed immediately after this conference and that this should be ready by mid-July. This will be sent to all participants at that time. However, there may well be additional ways in which [participants] feel the momentum of this conference can be taken forward. In addition, the USAID Microenterprise Best Practices Project has developed a research agenda for the next few years that will focus on gaining a better understanding of the BDS market. The MBP project hopes to take a common framework developed from this conference one step further by working with field-based programs to test the framework over time and, as a result of this practical experience, to refine methodologies.

Participants were then asked to respond to the following points:

- “Would you be interested in responding by e-mail on an occasional basis [the revised framework has been completed and will be published in the near future] to quick queries as the next version of the framework [is being developed], based on output from this conference?”
- “Would your agency be interested in principle in using the revised framework [the revised framework has been completed and will be published in the near future] in case studies that could be used in the Hanoi conference?”
- “Would your agency be interested in principle in being involved in a longer, more intensive field testing of the revised framework?”
- “What other actions do you feel would be useful in helping us to further improve performance assessment in BDS?”

Posting 2: Returning to Some Key Issues

“While the previous weeks have generated considerable insights, there are, of course, many areas that could benefit from further probing. This week offers an opportunity to do that.

“Market development indicators: This is a new area for many of us, and we struggled with trying to develop a priority list of core indicators. In an effort to bring us closer to a smaller list (and recognizing the imperfections of this process), what would your top five indicators be?”

“Demand-side indicators: Again, in order to bring some sense of priority to indicators of change at the small-business performance level, what are your top five indicators?

“Costs and benefits: Whether to donors, facilitators, or providers, costs always are a key concern in performance assessment; they have to be addressed in some way that relates them to the achievements of BDS interventions. Two schools of thought emerge here. One school holds that return-on-investment (ROI) [or cost/benefit] indicators assessing costs and benefits should be used as an overarching measure of performance. The other school contends that ROI measures may be inappropriate (too difficult to assess accurately or sometimes misleading) or of limited practical value for providers in particular; hence, this group argues, we need other, additional measures that offer a view of costs in relation to achievements. Such measures could include the following:

- Cost per unit of a service;
- Cost per small business served; and
- Cost per BDS provider served.

“Given that costs and achievements always need to be linked, how can we move forward in fitting ROI measures into a framework? What types of indicators are most suitable in assessing achievements? What are the most practical methods of collecting information to calculate ROI?

“Methods: There are clearly often serious challenges in how we go about measuring performance in relation to our main themes of the conference: market development, facilitators, providers, and small businesses themselves. Key problems such as attribution, displacement, and how to handle impact over time have been mentioned. Although we cannot expect to reach definitive conclusions on ‘the best’ approaches this week, it would be very useful for work subsequent to this conference—especially the development of practical common approaches to measurement—if those of you (and some have already done this) with particularly promising measurement methodologies were able to share them. Where appropriate, please send these on attached files—preferably to the group facilitators only.

“Reconciling different views: In week two, we concluded that in market development interventions our general goal is to develop vibrant and competitive, primarily private-sector markets of relevant, differentiated services consumed by a broad range and significant proportion of small businesses. In week three, we concluded that BDS provider sustainability is often not feasible in some contexts and for some populations. How do you suggest that this apparent contradiction be overcome?

“Any other issue: Anything not covered above [that you would like] to contribute and [about which] the discussion thus far has been limited.”

DEBATES

As with week one, week five's comments spanned the widest possible range of performance measurement issues. Some participants voted on the more narrow choices of indicators, and others went well beyond the call of duty and proposed frameworks with indicators and methodologies. A few of these are quoted below to provide an impression of the types of responses that were posted.

Many participants posted their final views on burning issues. Some returned to the big-picture question: Is it realistic to develop a common performance framework for the diverse field of BDS?

The following quotes represent a selection of perspectives reflected in the final week's postings. (Some participants also mentioned their intentions regarding future steps to be taken. These are summarized under "Conclusions," below.)

Is a Common Framework Valid and Practical?

The Remaining Skeptics

"It has sometimes felt like our splendid conference facilitators have been like Prince Charming's valets, trying to force the glass slipper onto the foot of the ugly sister. No matter how hard they have pushed and shoved, it has felt like the slipper just will not fit. ... I personally celebrate the diversity that exists within the donor community and would be sorry to see much stronger standardization. ... Let debate and a thousand flowers bloom—and let's not waste too much time trying to shoehorn glass slippers!"

"There is the question of the context in which BDS interventions are implemented. A number of the variables involved here have already been mentioned:

- The general state of the wider economy;
- Client MSEs' level of access to credit, raw materials, and markets;
- Barriers to entry;
- The regulatory environment; and
- The growth constraints or opportunities afforded by the mix (cocktail) of services available in different areas.

Can universal benchmarks realistically be adopted in the face of such diverse conditions?"

The True Believers

"It is always tempting (I know we are guilty of this) to try to collect monitoring and impact data on a large number of indicators (just in case you ever get asked how many long haired, ex-doctors whose favorite color is blue have given up jobs as professional clowns to establish a new MSE). However, there are in fact very good arguments for concentrating on collecting data on only a single "key monitoring indicator"—with, if necessary, two or three other, minor indicators (for management purposes and/or to meet the specific interests of particular stakeholders). There is the "keep it simple" argument for this, which says that the less there is

to do, the more likely it will actually be done. There is also the added advantage that a single common indicator can be easily used for inter- and intra-program comparisons. ... What we need is a single, simple-to-understand and -measure indicator of BDS impact on MSE income.”

“For effective international comparison of qualitative and quantitative indicators, it is important to develop a common global conceptual framework as well as a standard. A consumer and market research framework is already well developed in the private sector. ... I am sure that global consensus could be obtained among those concerned about the framework. Development of any guidelines might be useful. Regarding financial indicators, which are needed to show cost-effectiveness and sustainability, international accounting standards have to be agreed upon by those concerned. ... Once global standards are fixed [regarding] consumer and market research, as well as accounting, appropriate software can be developed for processing.”

How Much Stake Can We Put in Commercial Provider Sustainability?

With More Innovation, Providers Can Bear the Risks and Reap the Rewards of Serving MSEs

“I believe the problem is the up-front payment. If BDS providers could be more innovative with their payment conditions (e.g., supplier credit) and would be willing to share in the risk (no cure, no pay), it could prove the universality of the rule ‘higher risk, higher return.’”

Sustainability, Yes, but Not from Client Income

“BDS can be sustainable whether they are provided by NGOs or the private sector, but not necessarily by relying on income from the clients. For instance, one of our partners makes money buying and selling properties. The other partner owns an investment company. I think there is nothing wrong with that. As long as the organization survives and renders a reasonable service, that is fine. LET US FORGET ABOUT SUSTAINABILITY FROM INCOME FROM THE CLIENTS!”

The Ongoing Debate on Return on Investment, or Cost/Benefit, Analysis

We’ve Tried It, and It Doesn’t Work for Us

“I am definitely not a believer in ROI, but I am not reluctant to measure it [as some participants suggest]. [Our organization] ... has tried vigorously, but it does not work out for our type of services.”

If an Indicator Reveals That Your Program Doesn’t Make a Difference, Don’t Blame the Indicator

“It seems to me that if one can’t measure something, however much one adjusts and plays with the measuring device, then, at some point, one has to at least consider the possibility that it is simply too small [insignificant] to measure. [It may not be that the measurement system itself is flawed.]”

On the Feasibility of Assessing BDS Market Development

It's Too Soon

“In terms of market development, ... I don't think we know enough about this yet to have monitoring indicators. I think we should rely on in-depth evaluations of market development until we understand this better, and then possibly revisit standard indicators of market development.”

Subsidized Services Are Distorting the Market

“A recent sad story is that some BDS NGOs in South Africa were promised big amounts by a certain donor and the money was not forthcoming. The crisis made them very entrepreneurial, [leading them] to try to speak the language of the private sector—namely, reorganization, teaming up, joint-venturing, and so on. The market was [looking] good, but, alas, the said donor just poured in a couple of million and killed the entrepreneurial competency! If one donor kills the other one, how are we going to create a market-driven approach?”

Support for Specific Indicators

A New Framework in Development

“... we are dealing with two interfaces: MSE-provider and provider-facilitator/donor. I put together my votes for indicators in a framework that builds on ... these two interfaces. ... The information in both interfaces should be made available to the providers, facilitators, and donors (and MSEs, if they are interested), but the provider would measure those indicators in the MSE-provider interface, and the facilitator or donor would measure those indicators in the provider-facilitator/donor interface (or pay the provider to do so). I tried to put in the MSE-provider interface those indicators that ... any private-sector provider would want to measure to stay in business and improve profits. The provider-facilitator/donor interface indicators measure those things that are important in a development sense but not so important for an individual provider.” [These two interfaces are illustrated in the chart below.]

	MSE-Provider	Provider-Facilitator/Donor
Scale/outreach	<ul style="list-style-type: none"> Percent of target market reached Willingness to pay (as measured by payment of full or subsidized price) Total number of customers 	<ul style="list-style-type: none"> Number of providers Service mix available to MSEs (if applicable)
Impact	<ul style="list-style-type: none"> None 	<ul style="list-style-type: none"> Value added Employment
Cost-effectiveness	<ul style="list-style-type: none"> Cost per unit of service 	<ul style="list-style-type: none"> “Bang for the buck” [cost/benefit analysis]
Sustainability	<ul style="list-style-type: none"> Customer satisfaction (using simple market research techniques) 	<ul style="list-style-type: none"> Cost recovery for donor-assisted providers

Some Simple Votes

“My selections with respect to the market development indicators are as follows:

- Quality and differentiation of services,
- General levels and spread of prices,
- Number (and percent) of multiple-user customers,
- Profitability of suppliers, and
- Changes in customer behavior.

Secondly, my choices with respect to the demand side are:

- Satisfaction with or perceived value of the service (provider level),
- Frequency of purchase of the service, repeat purchasing (provider level),
- Percent subsidy on the service (facilitator level),
- Changes in business practices (facilitator level), and
- Improvements in business performance through sales (donor level).”

Methodology*Measuring Value Added*

“Value added can be measured by estimating annual sales of the respondent and then estimating the percent of raw material content in the sales. Annual sales can be determined by asking for last month’s sales, asking for an evaluation of whether it was a very good, good, average, or poor month, then filling in the estimated value for the rest of the months in the year. The percent of raw materials can be determined by taking the three most common products of the firm and asking for the raw material costs in each product. Most small firms know this information. The average percent of raw materials to sales price for the product is a close approximation of the percentage, which can then be multiplied by the annual sales in order to get the value added. I have used this method many times, with my largest sample being 800 businesses”

Determining Time Frame

“I suggest we measure impact a number of months after the training/intervention, count (extrapolate out) impact for each MSE for two years after the intervention, and [determine] overall impact for two years after the project ends. Any impact not seen within a few months after a training or other intervention is unlikely to be directly attributable to the BDS, and anything more than two years in the future is pretty tough to predict in this fast-changing world.”

Using Control Groups

“[A] ... control group ensures attribution of benefits. By using statistically valid, randomly selected samples, one can avoid having to monitor each and every client.”

These last postings were rich in detail and long in form. As can be seen in the next section, it was quite a challenge to summarize them into a final, concluding posting to participants.

Nevertheless, of all the postings in the conference, these postings, because of their detail and broad perspective, will be perhaps the most useful in developing a guideline for field testing the performance framework. Where solid conclusions were not reached, significant issues were unveiled.

CONCLUSIONS

As the weeks of the virtual conference went on, participant postings declined in frequency and increased significantly in length and complexity. Many participants reported feeling challenged in their ability to keep up with the conference, and the facilitators certainly found it challenging to conclude. Nevertheless, two findings were posted in the final facilitator message. One concerned the next steps in developing a framework; the other, the substantial conclusions regarding what the framework would look like. Excerpts from the posting follow:

“The way ahead: Five participants have expressed their willingness to be involved as a sounding board for the next stage (a revision of the framework), as well as in using the revised framework for the Hanoi cases and in long-term research.

“Returning to key issues: The various contributions on market development and demand-side indicators have tended to confirm the earlier opinions of the conference; namely, that we have not had a huge amount of success in closing in further on priorities, but that this is precisely the kind of issue that further testing in case studies and long-term research can be expected to resolve. Some of you have also spent some time offering more details on your approaches to assessment, ... and this will be especially helpful in focusing further work on the practical and useful.”

Despite the summary nature of the concluding remarks, they reveal some general agreement, if not consensus, that was reached during the conference, as reflected in earlier, lengthy postings. Some of these remarks are summarized in the sections below.

On the Validity and Practicality of a Performance Measurement Framework

A common performance measurement framework has become essential for the field in order to a) allow comparability across programs so that we can more objectively and systematically extract lessons learned from best practices; b) systematically demonstrate impact; c) develop more objective funding criteria; and d) establish fair performance benchmarks. The framework must be flexible enough to a) allow different benchmarks to be used in different economic contexts, for different services, for different project life cycles, and for different target populations; b) include different stakeholder interests and perspectives; and c) evolve over time as better indicators emerge. Among conference participants, there remain several skeptics who questioned whether such a valid, practical framework is possible.

On Assessing BDS Market Development

Developing a sustainable BDS market for MSEs is a common long-term vision. Nevertheless, participants raised some significant issues about taking a market perspective, including conflicts between facilitators and providers; the inability of a private-sector market to reach the poor; the fact that most BDS programs are still trying to get their service mix right; and the fact that the development of the broad market is simply beyond where the field is right now. In response, other participants shared success stories of BDS market development, and stories about donor funding distorting the market for BDS when the broader market was not monitored. In balance, there was sufficient support that the “market perspective” is fundamental to any performance measurement framework, so as to allow its use as an overarching structure to a common framework.

The exact shape and form of this framework is not yet known. Nevertheless, most participants were able to articulate their performance assessment needs in terms of three categories: BDS market indicators, supply-side indicators, and demand-side indicators. These seem to work as broad categories of goals and indicators.

Regarding particular goals and indicators for the BDS market, the participants agreed that, “In market development interventions, the *general* goal is to develop vibrant and competitive, primarily private-sector markets of relevant, differentiated services consumed by a broad range and significant proportion of small businesses.” The conference unveiled a set of specific indicators that needs to be honed further and tested. The main focus of these indicators is on a) understanding the supply of and demand for BDS in a particular market in which public funds are being invested to support BDS; b) understanding the role of a particular program in serving that market; and c) helping that market function better.

Assessing the Supply Side

In this context, the supply side of the BDS market refers to two key players: the provider, who offers BDS to MSEs on a regular basis, and the facilitator, who develops BDS, works with providers, raises funds, monitors programs, and generally encourages the growth of the BDS market. Sometimes these two functions are carried out by the same organization. The conference came to some conclusions about assessing each function.

There was general agreement that the time has come for BDS providers to start focusing on cost recovery. The recognition of the importance of “willingness to pay” as a valid and practical indicator of MSE satisfaction with services was widespread. Additionally, the importance of providers’ attaining financial sustainability was widely recognized as an essential, though not sufficient, goal. Thus, participants accepted cost recovery, but with several qualifications:

- Cost-recovery benchmarks must vary according to target populations, economic context, type of services, maturity of program, and so forth.

- Benchmarks must be used with an indicator for quality of service.
- For most nonprofit providers, the cost side of the equation should be allocated according to operational and product development costs and divided into direct and indirect costs.
- “Cost recovery” refers to income generated from nondonor sources.

There was significant support for assessing facilitator performance through an overall cost/benefit analysis or assessment of social return on investment from the project. The costs are proposed to be as inclusive as possible to ascertain the total development investment made. The benefits are proposed as being based primarily on enterprise benefits, as described below under “Demand-Side Goals and Indicators.” Costs/benefits and return on investment are to be compared in a common currency, but without using discount rates or projecting benefits over long periods of time. Despite significant debate about the validity and practicality of this approach, enough participants supported using a simplified cost/benefit analysis to merit further exploration of simple cost/benefit techniques. Otherwise, the question of how to assess facilitator costs and effectiveness remained largely unanswered.

Demand-Side Goals and Indicators

“Demand side” in this context refers to the entrepreneurs and enterprises using BDS. Conference participants strongly supported three levels of indicators in this category:

1. Assessing customer satisfaction and purchasing patterns, which would help BDS providers understand their market better;
2. Assessing how a BDS is used to change business practices, which would help providers and facilitators understand whether the services are producing the intended benefits; and
3. Assessing the benefits of a BDS in terms of changes in business performance, which would help assess the overall costs/benefits of the program and help donors and facilitators understand the contribution a program is making to business income and economic development.

For each of these categories, a broad list of indicators was developed, discussed, and narrowed down at the conference. The main indicators are as follows:

1. Potential customer awareness of a service, customer satisfaction with a service, frequency of purchase (repeat purchasing), and percent subsidy on a service.
2. Percent of customers who exhibit improved business practices, as defined by the provider.
3. Value added in terms of changes in sales of raw materials.

The main issues that remain to be settled regarding demand-side indicators concern methodologies for collecting and analyzing relevant data. The conference produced several suggestions and many informative debates on this topic that will no doubt be relevant during a field-testing phase.

Next Steps

Most participants agreed with the next steps proposed by the facilitators and conference hosts, as follows:

1. Produce a conference proceeding.
2. Produce a guideline for preparing case studies for the upcoming Hanoi conference. This would serve as an initial test of the performance measurement framework.
3. Conduct a long-term field test of the performance measurement system, to be led by USAID's Microenterprise Best Practices Project.

In conclusion, this pioneering virtual conference on performance measurement was a challenging but productive event for facilitators and participants. The more than 50 active BDS players from around the world contributed to a major step forward in the field of BDS. The conference conclusions and detailed postings will form the basis for a performance measurement system to be further developed and field tested over the next year, and will enable the system to continue to evolve and help move BDS practices forward. Perhaps most significantly, the level of participation from a wide variety of stakeholders made the conference both rich and relevant.

ATTACHMENT A SUMMARY OF EVALUATION RESULTS

Out of 53 active participants (101 total) in the Performance-CL list, 9 returned their surveys before June 21, 1999. For all but 1 respondent, this was their first online conference.

On the main question of whether or not this virtual conference accomplished its goal, the average respondent said “somewhat” (or 2.2 out of 5, where 1 = yes and 5 = no). The comments on this question reflect a more critical perspective. In sum, the participants essentially said, “The conference didn’t really accomplish its stated goal, but the goal may have been unrealistic to accomplish solely by an e-mail discussion.” Some felt the goal could never fully be reached, given the diversity of thought on the subject. Respondents were unsure (1.8 out of 3, where 1 = yes and 3 = no) whether this could have been better handled in a different type of venue, such as a face-to-face workshop.

Despite this first general reaction, respondents were unanimous in saying that they derived other types of personal and professional value from participating in this conference (1 out of 3). Their comments suggest that meeting other people, learning about other activities, and being exposed to new ideas were the top benefits derived from the event. This is probably why respondents thought the donor committee should consider doing something like this again (1.3 out of 3), with the caveat that it be tied to real-life events or parallel efforts.

Most respondents said they would participate in another virtual conference (1.2 out of 3), but commonly warned that the conference needed to demand less of their time. A plea for shorter messages was typical. No agreement emerged, however, on whether the conference should have been longer or shorter, though people tended to like the current time frame (1.4 out of 3).

Only one respondent had technical difficulty participating (2.8 out of 3). Most participants did not use the Web site provided (2.3 out of 3); however, they were slightly more positive about the usefulness of the site (1.8 out of 3).

Respondents were unanimous in their opinion that the summaries provided by the conference facilitators were useful (1 out of 3). Similarly, respondents felt strongly that the facilitation was appropriate and stimulating (1.1 out of 3). Comments were brief but very supportive of the difficult work involved in facilitating such online events.

Just over half of the subscribers (53 out of 102) were active at one point or another, and they averaged 2.7 postings each. At the conference’s peak (in the first week), subscribers received an average of 20 messages a day.

The Web site was used approximately 240 times (with more than 1,600 page ‘hits’) and was accessed on average eight times a day from more than 25 countries around the world.

Suggestions for the future resulting from this evaluation:

- Expand the use of facilitator summaries (to daily or biweekly, depending on volume?).
- Hold the virtual event in conjunction with a live event (the Hanoi conference?).
- Pick an achievable goal (limit the virtual-conference results to existing within a larger string of milestones?).
- Emphasize shorter messages (the facilitators could moderate and reject messages that are too long).
- Announce the event to the participants significantly in advance of the start date (to allow better time management).
- Publicize the event publicly, so that more individuals can benefit from the Web pages. One may even hold an event in conjunction with a currently existing online community.

ANNEX A STATISTICS ON PARTICIPATION IN “PERFORMANCE-CL”

Excluding Moderators and Facilitators

- Number of subscribers: 102
- Number of active subscribers: 53 (with contributions from DFID, EC, GTZ, IADB, IDRC, ILO, SDC, UNCTAD, UNIDO, USAID, World Bank, and other organizations)
- Number of messages sent: 143
- Average number of messages sent by each active subscriber: 2.7
- Percentage of subscribers who were active: 52 percent

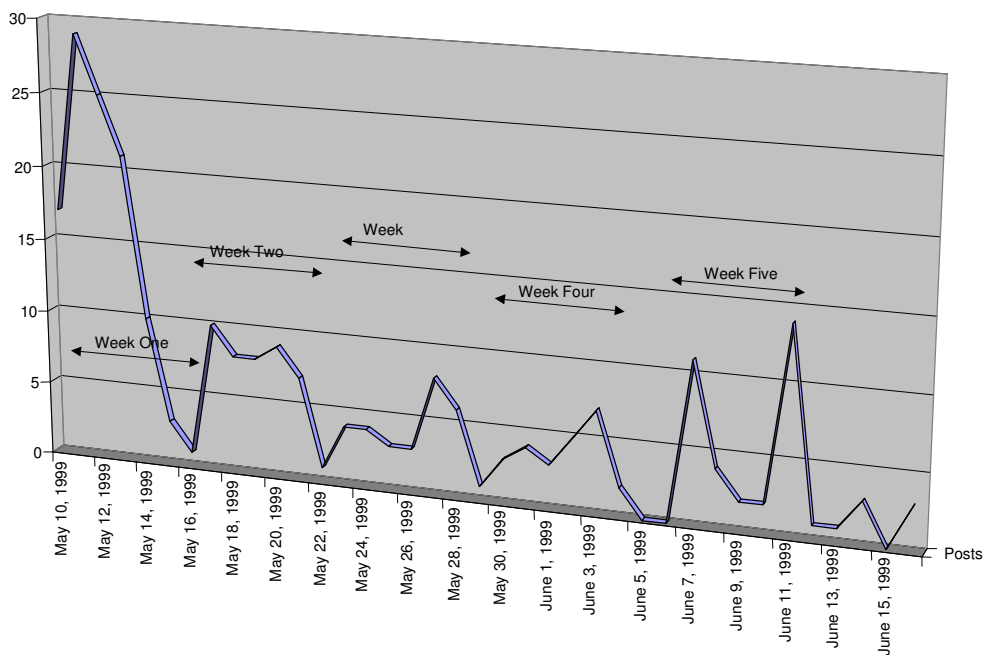
Good

Including Moderators and Facilitators

- Number of messages sent: 243
- Average number of postings per day: 6.2
- Average number of postings going to subscribers’ mailboxes during weekdays:
 - Week One: 20.4/day
 - Week Two: 8.4/day
 - Week Three: 4.8/day
 - Week Four: 3.4/day
 - Week Five: 6.6/day

Note: The list facilitators made a total of 87 interventions.

Postings Per Day



ANNEX B WEB PAGE STATISTICS REPORT

Usage for the period May 9 through June 10, 1999

Note: For technical reasons, all usage by IDRC and Bellanet has been excluded.

Total number of page hits: 1,636
 Total number of user sessions⁵: 240
 Average number of hits per day: 49
 Average number of user sessions per day: 8
 Average time spent on the site: 12minutes

Chief countries accessing the site (in order):

United States (over 30 percent)

Canada

France

Kenya

India

Switzerland

Italy

Spain

Belgium

United Kingdom

Argentina

Peru

Luxembourg

Thailand

Germany

Ethiopia

Mozambique

Sweden

The chief organizational users hailed from the following countries⁶:

United States

Canada

Philippines

Switzerland

Côte d'Ivoire

Mexico

Peru

France

Finland

Panama

India

Vietnam

Kenya

⁵ A user session consists of a series of page hits associated with a single user.

⁶ This refers to the number of hits coming from a single organization's computer. This may be misrepresentative, as it indicates only the country in which the originating computer is located, not the users themselves.

ANNEX C

COMMENTS FROM THE PARTICIPANT SURVEY

Note: The following responses correspond to the post-conference survey of participants. The survey questions are listed in Annex D.

A. In your opinion, did this virtual conference accomplish its original goal (to develop a draft consensus framework of appropriate indicators and innovative measurement tools for the performance of business development services)? (2.2)

“When working in the field, it is difficult to follow everything; it would be good to have all the findings summarized.”

“I was hesitating between ‘somewhat’ and ‘unsure.’ I feel the virtual conference as such did not achieve [the stated goal], but it did give a lot of food for thought that should be useful to those who are actually working on the framework.”

“I did not expect to reach the objective, as the approaches are still very different.”

“BDS paid for by donors are totally different from BDS paid for by MSEs; [the same is true for] the indicators.”

“I learned a lot. I am glad to have participated.”

“As far as I have understood, a consensus framework was not achieved, though on some indicators we appear to agree.”

“The virtual contributions provided a lot of raw input, but most of them appeared to be wide of the [stated] mark.”

B. Could this goal have been accomplished more effectively through other means or media, such as a face-to-face workshop? (1.8)

“In fact, the virtual conference is a step in a process—it is generating information and analysis. As such, it is not replacing a face-to-face workshop. [That] will come in a further stage of the process.”

“In smaller, face-to-face working groups, we could have debated and agreed upon different parts of the framework and then presented them to the other participants for approval or modification. The debate here was too diverse, and a lack of time to respond limited the input of key players.”

“Given the cost-effectiveness of the debate, I feel this kind of conference is a good warm-up to another face-to-face event. Also, drafting committees can be formed ... to work in the evening.”

“Yes, although with a face-to-face meeting, this would be very expensive.”

“I think a workshop can be very useful, in particular to those of us (like me) who do not have the time to get heavily involved in such a virtual conference over five weeks. (I can occasionally spare the time for a couple of days, but not over five weeks.) Also, during a [face-to-face] workshop, you can concentrate on the topic, while during daily work, a lot gets in your way. However, such a [face-to-face] workshop needs to be well prepared, draft frameworks need to be presented, etc.”

“... a virtual conference gives useful feedback, insights, and ideas to those preparing the draft. It also makes sure that the draft is not completely off what happens on the ground. Therefore, I feel both means have their different place and value; they complement each other but do not replace each other.”

“In a face-to-face workshop, we may have been [enabled] to [make conclusions]; however, I feel more active research is necessary to know what works for whom under which circumstances.”

“Comments/suggestions could be sought from a limited number of persons (say 30 to 40) and a ‘less representative’ face-to-face meeting convened to sort out the nuts-and-bolts issues and questions.”

C. Did the virtual conference provide value (either personally or professionally) other than accomplishing its original goal? (1.0)

“I got a short overview of people thinking about these issues and ongoing experiences.”

“I’ve heard from many new people involved in similar fields and learned about their activities and programs. I’ve learned about the increasing diversity and quantity of BDS worldwide and have had/made time to think more critically about the whole issue of performance monitoring and impact measurements for BDS.”

“I changed my opinions on some issues, I learned a lot about what is going on in other situations, I tested some of my ideas on the participants, and, as a result of all of this, I feel that I grew and will be able to perform my job better and give my employer a better bang for their buck.”

“It was good to have an insight into the thinking of the people ‘up there’ and realize that there is an unfortunate and enormous gap between the theory and practice of BDS.”

“It was very useful to have new links to BDS practitioners, particularly those with practical experience.”

“The actual findings of the conference can be practically applied to our work.”

“Finding out about all the different people, initiatives, thoughts on the [BDS] issue, etc. [was helpful].”

“I’ve gotten to know a lot of people working in the same field, and learned about a number of projects I was not aware of.”

“I did not realize that so many people are working in this field.”

“I will use ... the definitions of a) donor, b) BDS facilitator, c) BDS provider, and d) BDS customer. They give more clarity to roles.”

“I got useful information ... on networking.”

“I gained many new insights with respect to performance indicators, and I was pleased to realize that my contributions were valid.”

“A large number of practical problems and achievements and pending tasks can be distilled from the various virtual contributions.”

D. Should the Committee of Donor Agencies for Small Enterprise Development consider holding similar online conferences in the future? (1.3)

“Yes, but not instead of face-to-face meetings and discussions.”

“It is always good to exchange views and experiences, but the virtual format, and the absence of a moderator or chairperson, can make things less ‘tidy,’ with contributions going (sometimes being duplicated) all over the place!”

“This was intense but excellent. My suggestion is to combine it with face-to-face meetings.”

“Only when getting a general picture or overview of what people on the ground feel, think, etc. is [the online-conference format] useful to the particular task at the time.”

“Not in the near future. Let’s first practice what we have learned; then, another round of (virtual) discussion could start in order to ‘finalize’ the framework.”

E. Was this your first time participating in an online event of this kind? (1.2)

F. Would you do it again? (1.2)

“In fact, I was more an observer than a participant. My first priority was the weekly summaries; to go through all the e-mail and react on it would have been too time-consuming. On top of that, I was out of the office [three times] during two [of the conference] weeks.”

“I had few expectations and no experience. It seems that people ran out of steam after posting their introductory messages; maybe we need a simple and short format for these introductions (a form with space limitations?) so that participants can save their energy for more substantial comments. It was a lot of work to keep up with all the e-mails (and carry one’s normal workload) and to still have time after all the reading to post your own. I think this is why a face-to-face [conference] can work a bit better, because we would all have dedicated time without other interruptions. In general, the facilitation was very good, but I’m sure it will be even better next time as a result of this experience. Maybe we needed to take the ‘votes/opinion polls’ earlier on in the conference before we lost so many participants.”

“It does stretch your time, and many practitioners are probably unable to respond due to workloads. Also, the [virtual] conferences [are in] danger of becoming oriented toward theory rather than based on experience. More warning [is needed]!”

“I’m unsure ... in my case, due to some small absences and a heavy workload, I found it very difficult to keep up with the reading, not to [mention] responding, which I hardly managed. I would join in for particular topics that are burning issues to me if the conference were maybe a bit shorter, if I had an easy workload ahead of me during the period, and if people showed a lot of discipline in keeping their communications short and to the point.”

Suggestions for the future:

“First of all, strictly limit the contributions to, at the most, a page! I managed to read most of the e-mail, but it was cumbersome and sometimes irritating when people sent lengthy babblings. ... Maybe a stricter management by sorting out some e-mail messages, shortening them, or editing them would help, but I would feel sorry for the managers of the virtual conference.”

“I would prefer to have more time reserved for participation. My main expectations were met. The subject of the discussion was very complex, so I didn’t expect to get final answers for all questions, but the discussion itself was very useful, and I believe we made certain progress.”

“To focus once in a while on basic questions is important.”

“To listen to other ideas is useful.”

“To see how others are struggling too is comforting”

“I could not have spent another week away because of time and money.”

“Despite the (many) lengthy messages, I would participate again. An improvement could be if we would refrain from ‘singing the same song’; that is, [repeating] the same message over and over.”

“One, it requires a lot of time to read all the messages, some of which may not be pertinent or may be repetitive. Two, we would need some sort of a ‘filter,’ although the ways and means to do this may not be acceptable to all! Three, contributions will taper off over time, so the format and ... topics will have to be clearly defined and ... compressed to maintain interest.”

G. Once you subscribed to the list, did you have any problems posting, receiving, or reading messages coming from the list? (2.8)

“For whatever reason, hitting the return button does not work at GTZ headquarters. A couple of my [messages] got lost, had to be retyped at a later stage when the topic had changed already, etc. This was a bit demotivating.”

H. Was the time frame convenient and appropriate for achieving the conference goals and for your participation? (1.4)

“I would have liked to have gotten some more information on the event before it happened.”

“I do not know many people who have five weeks in a row to join in. I did notice that most of my international colleagues working at [the headquarters of] agencies dropped out, while those who managed to keep up were people in the field working in projects.”

I. Did you use the list archives found on the Web? (2.3)

“This is a much more friendly environment than the e-mail. It may be more costly for the users than receiving e-mail, but the printed product gives a much easier format to read and absorb the ideas. My only comment is that I would like to have had the chance to have made some drawings to explain things more clearly.”

“Yes, but downloading from Uganda was slow.”

J. Did you find the Web site and archives useful? (1.8)

“Especially for people who did not participate in the conference directly but were interested in summaries of the discussions.”

K. Were the facilitator’s summaries useful? (1.0)

“Very useful.”

“This is a tough job, first to get the right questions to ask at the beginning of the week, second to integrate the answers, and third to get them out on time so that they feed into the next week. I felt that we sometimes lost direction, and I think this is because of the media. Getting the right sequencing of comments and interventions made the learning process harder and more labor-intensive. This is an area that needs some attention for future conferences of this nature. Perhaps a few forced pauses would be a good way to build one week on the other.”

“I found it a pity we did not abide by the rules of the game: keeping our e-mails as concise as possible. Messages of up to 10 pages were definitely not helpful.”

L. Was the facilitation (i.e., help in maintaining an ongoing, on-topic conversation) appropriate and stimulating? (1.1)

“A very good job.”

“The facilitation was very helpful, although Mary [McVay’s] message arrived somehow distorted (only text, no paragraph/page breaks). I also appreciated the nice and stimulating personal words.”

M. Other, general comments:

“I found the e-mail medium was good to get me into the conference, but I felt a bit drowned by the end of the conference. I think the [Web] site was better and an easier place to get the information I was looking for.”

“As for improvement, I personally would prefer the participants be more brief and focused; otherwise, it is rather difficult and time-consuming to follow the discussion.”

“Participants should be motivated [to review] long interventions before mailing [them]. E-mail [messages] should be reduced to two pages max.”

“I wonder why so few participated after the initial P.R. input. No need? No interest? What was wrong with the conference?”

ANNEX D ORIGINAL QUESTIONS FOR PARTICIPANTS

A. In your opinion, did this virtual conference accomplish its original goal?

“To develop a draft consensus framework of appropriate indicators and innovative measurement tools for the performance of business development services.”

1. Yes
2. Somewhat
3. Unsure
4. Probably not
5. No

Comments:

B. Could this goal have been accomplished more effectively through other means or media, such as a face-to-face workshop?

1. Yes
2. Unsure
3. No

Comments:

C. Did the virtual conference provide value (either personally or professionally) other than accomplishing its original goal?

1. Yes
2. Unsure
3. No

If yes, what was that value?

Examples:

“I met many new people involved in the same field as I am.”

“I learned a lot.”

D. Should the Committee of Donor Agencies for Small Enterprise Development consider holding similar online conferences in the future?

1. Yes
2. Unsure/it depends
3. No

E. Was this your first time participating in an online event of this kind?

1. Yes
2. Unsure
3. No

F. Would you do it again?

1. Yes
2. Unsure
3. No

Why or why not? Please use this opportunity to indicate how conferences like this could be improved upon, and whether your expectations for the conference were met by what really happened.

G. Once you subscribed to the list, did you have any problems posting, receiving, or reading messages coming from the list?

1. Yes
2. Unsure
3. No

Comments:

H. Was the time frame convenient and appropriate for achieving the conference goals and for your participation?

1. Yes
2. Unsure
3. No

I. Did you use the list archives found on the Web?

1. Yes
2. Tried but failed
3. No

J. Did you find the Web site and archives useful?

1. Yes
2. Unsure
3. No

In the future, I would change:

Examples: links, design, content, etc.

K. Were the facilitator's summaries useful?

1. Yes
2. Unsure
3. No

In the future, I would change:

Examples: frequency, accuracy, length, etc.

L. Was the facilitation (i.e., help in maintaining an ongoing, on-topic conversation) appropriate and stimulating?

1. Yes
2. Unsure
3. No

M. Other, general comments:

Please return all responses to Shady Kanfi at info@bellanet.org. Bellanet guarantees the anonymity of your responses. We will only forward unattributed data and comments to the list's organizers and facilitators.

ATTACHMENT B

LIST OF SUBSCRIBERS TO VIRTUAL CONFERENCE ON PERFORMANCE MEASUREMENT OF BUSINESS DEVELOPMENT SERVICES FOR MICRO AND SMALL ENTERPRISES MAY 21, 1999

Listed by nominating agency; focal point in each agency listed first:

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() = has unsubscribed - 4

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