

The Impact of the SIYB Programme:
The Case of the Regional Project in Eastern and Southern Africa
- results from an in-house evaluation

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Joni Musabayana {tc "Joni Musabayana " \ 5}
Chief Technical Adviser {tc "Chief Technical Adviser " \ 5}
Regional Start Your Business Project
International Labour Organization {tc "International Labour Organization " \ 5}
Harare {tc "Harare " \ 5}

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1. PROGRAMME DESCRIPTION {tc "1. PROGRAMME DESCRIPTION" \ 5}

1.1 The ILO'SIYB programme

The International Labour Organization (ILO) brings together, through its tripartite structure, employers, workers and governments to promote and improve employment and productivity within the framework of the International Labour Standards. Small enterprise development therefore falls within the ILO's mandate.

The ILO has launched the International Small Enterprise Programme (ISEP). ISEP is a comprehensive programme including training components such as Start and Improve Your Business and other financial and non-financial business development support services.

The Start and Improve Your Business (IYB) programme supports entrepreneurs who want to start new businesses and those who are already in business. The IYB and SYB programmes are separate but complementary. SYB programme participants who start their own businesses may, after some time, need IYB training on how to manage and consolidate the businesses. Topics from IYB can also be incorporated in the SYB training programme if the training needs of the specific target group so require.

The SYB training materials for the entrepreneur are the *SYB Manual* and *SYB Business Plan* booklet. They are introduced together with a local *Directory of Advice and Assistance* with country-specific information regarding local sources of technical, financial and management advice and assistance. The materials for the trainers are the *SYB Manual*, *SYB Business Plan*, *the SYB Trainer's Guide*, *The Game*, and *the Trainer's Guide for the Game*.

1.2 The SYB target group

The intended beneficiaries are persons that:

- have a concrete business idea;
- have, or have access to, the relevant vocational skills;
- are able to read and write in the language of training; and,
- are able to make simple calculations.

The programme is meant for entrepreneurs who want to start or expand businesses with growth potential. It is meant for growth oriented, not survivalist entrepreneurs. The programme places great emphasis on ensuring that programme users reach the right target group. Target group selection methods are therefore regarded as very important.

The direct recipients are organizations and private training consulting firms that:

- are involved in business creation activities;
- have the capacity to sustain the SYB programme after initial assistance by the ILO and;
- have linkages to other support institutions.

1.3 The Regional SIYB Project for Eastern and Southern Africa

Building on the success of the pilot phase, the SYB programme was introduced to Zambia, Zimbabwe and Uganda during July 1996 - December 1997. This phase focussed on only three countries to enable the project to have a quality focussed approach. The emphasis in the project strategy was on measuring the effectiveness of the SYB programme. The endeavour was to manage the huge demand for the programme and ensure that it was accessible by those most positioned to derive the maximum benefit from it.

The project applied the multiplier strategy to realise cost advantages. The project trained trainers who in turn trained the potential entrepreneurs. The direct recipients were therefore the trainers and the collaborating organizations. The ultimate beneficiaries were the potential entrepreneurs.

During the IYB programme and the SYB pilot phase, the project facilitated the creation of national programme structures in all the countries that it worked in. The structures comprised of a Steering Committee and a Focal Point. The Steering Committee consisted of all the organizational users of the SIYB programme in that country. The Focal Point was the secretariat of the Steering Committee. It implemented the decisions of the Steering Committee and coordinated the implementation of the SIYB programme by all the user organizations.

This national programme structure however did not work well in most countries. This was mainly due to:

- ⇒ The weaknesses of the institutions that were elected to be Focal Point by the user organizations. They were democratically elected based on political acceptability rather than on technical competency.
- ⇒ The financial non-viability of the focal point concept. There was no sufficient regular source of income for the focal point from the duties that it undertook. Payment of subscription fees to be members of the committee or the addition of a premium on the selling price of the materials were resisted by the organizations.
- ⇒ The Focal Points generally tended to monopolize the programme for their benefit rather than to facilitate the usage of the programme by many other organizations.

Based on these experiences, the project in consultation with the selected user organizations opted for a national programme structure in which it had more direct interaction with the each of the organizations. The Focal Point concept was discarded while the Steering Committee was retained in an advisory capacity. This enabled the project to get more directly involved in the actual implementation of the programme on the ground. The project offered more hands on assistance to the user institutions on the implementation of the programme.

The project staff trained trainers, training managers and the Directors of the user organizations on how to implement the programme. The project also assessed the performance of the trained potential entrepreneurs. This enabled the project staff to get hands-on experience and to measure the impact of the programme. Working close to the target group enabled the project to identify areas of the programme requiring fine tuning to

enhance its effectiveness.

Through this modus operandi the project was able to move from a product based approach (introducing the SIYB programme as is) to a market based approach where the project assisted the user organizations to adjust and adapt the programme to their actual and immediate needs. Emphasis shifted from ensuring that the organizations used the generic programme to assisting them to accurately identify training needs and then adjusting the programme to meet those needs. This market based approach necessarily demanded a greater focus on building the training capacity of the user organizations. The project's change in operating strategy can therefore be viewed as a shift from a product based approach to a market based and capacity building approach.

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2. IMPACT EVALUATION

The overall goal of the in-house impact evaluation that was carried out in June 1997, was to determine the effectiveness and efficiency of the SIYB programme. It was designed to answer the question: does the SIYB programme add value to the business creation and growth process?

In specific terms, the project's Indicators of Achievement were stated as:

1. 500 adequately selected potential entrepreneurs are trained in 32 seminars.
2. 375 (75%) of the total trained entrepreneurs completed feasibility studies of adequate quality.
3. 25% percent of the feasibility studies submitted for funding are approved.
4. 100 (20%) of the total trained entrepreneurs start their businesses.
5. 200 (100 x 2 jobs per enterprise) new jobs created
6. 80 (80%) of the trained entrepreneurs who started their businesses are still in business after six months.

2.1 Methodology {tc "2.1 Methodology " \ 5}

2.1.1 Tools used

The project decided to use both quantitative and qualitative data to achieve the objective of the study. A structured questionnaire was used to gather the quantitative data while Guided Focus Group Discussions were used to gather the qualitative data. The questionnaire covered the following issues:

- ⇒ the target group
- ⇒ the training
- ⇒ loan application
- ⇒ reasons for not starting
- ⇒ jobs created and business plan completion.

The Guided Focus Group Discussions covered the following issues:

- ⇒ effect of time lapse between training and evaluation,

- ⇒ reasons for attending the course,
- ⇒ promotion of the programme,
- ⇒ response to the materials,
- ⇒ constraints in starting their businesses

To facilitate analysis summary sheets and spreadsheets were created per organization, and per country.

Samples: sampling technique and sample size {tc "**Samples\: sampling technique and sample size "** \ 5}

To get reliable data the project decided to obtain highly representative samples. Highly representative samples were those that were numerically as close to the population as possible. The project therefore tried in the first place to get all the entrepreneurs who had been trained in the programme. Failing to reach all the trainees the project found as many of the trainees as was logistically possible. The total number of trainees who took part in the impact evaluation as a percentage of the total number trained in each country were: Uganda 91%, Zambia 34% and Zimbabwe 55%. With an average sample for the region of 56% the project felt that the Convenience Sampling Method used had produced a representative sample.

Interviewers: selection and briefing {tc "**Interviewers\: selection and briefing "** \ 5}

To remove bias and to enhance objectivity, the project decided to engage independent interviewers to administer the questionnaire and to take part in the Guided Focus Group Discussions. Three interviewers were chosen in Zambia while four were chosen in Uganda and Zimbabwe. The interviewers were thoroughly briefed on the programme itself, and the impact evaluation goals, tools and logistics.

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2.1.2 The data gathering process {tc "**2.1.2 The data gathering process** " \ 5}

The trainees were invited by their SYB trainer to come to on a specific date to a central venue. The objective of the evaluation was stated to them. Confidentiality of the information was stressed.

2.2 Findings

The table below summarizes the major findings of the impact evaluation according to the Indicators of Achievement.

	<u>Target</u> {tc " <u>Target</u> " \ 5} for the three countries combined		<u>Regional</u> {tc " <u>Regional</u> " \ 5} Actual results for the three countries	
	In actual figures	% of the sample	In actual figures	% of the sample
1. Potential entrepreneurs trained in SYB	500	--	610	122%

2. Completed Feasibility Studies of adequate quality.	375	75%		62%
3. Percentage of Feasibility Studies for funding approved (target is set at 25%)		25%		26%
4. No. of potential entrepreneurs who start their businesses	100	20%		18%
5. No. of jobs created due to SYB	200	--		54%

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2.2.1 Relevance of SYB programme to target group needs

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Indicator of Achievement 1 (500 potential entrepreneurs trained in SYB):

At the time of finalization of the Impact Evaluation Report (30 June 1997) a total of 610 participants had been trained in SYB, thereby surpassing the target.

The impact evaluation amply demonstrated that the SYB programme was relevant to the needs of the entrepreneurs. There were two groups of entrepreneurs: the start-ups and the existing ones. The programme was relevant for both. This relevance was evidenced by the willingness and ability to pay of the entrepreneurs who attended the training programme and the very high percentage of participants (95%) who expressed satisfaction with the training.

Payment of Fees for SYB training

In a region where free attendance and payment of allowances for attending training programmes had become the norm, the SYB programme broke with that tradition by insisting that every one had to pay for the training. The attendance fees varied per country and per organization. Examples of some of the fees charged by organizations are given below:

Zimbabwe

Zimbabwe Christian Council: USD 20

Zambia

Young Women Christian Association: USD 30

Uganda

Federation of Uganda Employers: USD 25

These fees cover less than the cost of the training but they represent the cumulative effect of the clients' perceived value of the training and their ability (or limited ability) to pay. This is consistent with best practise findings that participants will pay for relevant training but they will not normally be able to pay the full cost of training.

Entrepreneurs' Satisfaction with SYB training

The 95 % of the participants interviewed expressed satisfaction with the SYB training. The two major stated that they were satisfied because of the usefulness of the content covered by the training programme to their business start - up process and the respectful manner in which the trainers dealt with them. The high appreciation for the programme lead to its high demand.

2.2.2 Quantity and Quality of Training {tc "2.2.2 Quantity and Quality of Training " \ 5} {tc " " \ 5}

Indicator of Achievement 2 (75% of the total trained potential entrepreneurs finalize Feasibility Studies of adequate quality): 62% of the total sample of 237 entrepreneurs had completed their Business Plan. Results were below the target, due to time constrains (a significant portion of the total sample was trained close to the time of the evaluation), and also because participants did not have the skills to complete their Business Plan. However the other reason was that some members of the target group had too low levels of education to fully grasp the topics presented in SYB. Consequently the amount and cost of the required training and follow-up are beyond the means of the User Organizations.

The user organizations showed a high capacity to conduct high volume training. They conducted many seminars each with many participants. The specific attention given to each individual participant was therefore very low. The organizations also had to respond to the demand for SYB training from their members. The trainer had no room to do proper selection as s/he was duty bound to provide training to members. The percentage of Business Plans adequate quality completed was therefore low at 62 %.

2.2.3 Importance of the link between SYB training and finance {tc "2.2.4 Importance of the link between SYB training and finance " \ 5} {tc " " \ 5}

Indicator of Achievement 3 (25% of the Feasibility Studies submitted for funding are approved): 26 approvals were reported amongst 99 loan applications (26%). The target was therefore met. Time, however, was likely to improve these results. The Zambia results supported this, where most respondents completed SYB training before the end November 1996, and where the approval rate was 47%.

The study also showed that enterprises that received both SYB training and finance invariably started their businesses compared to those that only received SYB training. In addition they started bigger businesses, employing two or more people other than the owner. This finding proved that it is necessary to link SYB trainees to access to financing to improve the start up rate, the business size and the number of jobs created.

Having said this the study also showed that the access to finance for the SYB trainees was very difficult. Only 26 % of those who applied for funding got. The timely receipt of the funding was also a problem. On average people waited for at least six months before receiving the funding.

The debate over the linking of training and access to financing has exercised SED practitioners and analysts for a long time. The accepted best practice now is that the two should to be provided by separate institutions. Our empirical evidence from the impact

evaluation confirms this. However our findings take this issue further. The nature of the relationship between the independent training provider and the financial institution must be carefully analyzed. Our findings suggest that the two institutions must jointly develop common parameters along which they must work. They need in the first place a common definition of the profile of the client whom they would like to work with. The systems and procedures for the referral system must be jointly developed and agreed upon. The independence and autonomy of the financial institution can however not be compromised. It must continue to apply its loan approval criteria whether the client has received training or not.

{tc "2.2.3 Effects on job creation " \ 5}

2.2.4 Effect on Business Creation

Indicator of Achievement 4 (20% start their business): On average 18% of the total sample started their businesses (i.e. 43 amongst the sample of 237). It must be noted however that 118 of the entrepreneurs were already in businesses before coming for the SYB training. In reality therefore 50 % of those entrepreneurs who could start new businesses were already in business by the time of the training. Thus the real start – up percentage amongst those who could start is 36%.

World Vision of Uganda showed a very good result on this Indicator of Achievement with a start-up rate of 66% amongst their sample. World Vision provides both credit and SYB training. In spite of the ‘best practice’ empirical evidence here suggests that when managed well the integration of SYB training and a credit scheme within the same institution can dramatically improve start-up rates. The case of World Vision therefore warrants further study to identify how it has been able to avoid the pitfalls of providing both services under one roof.

2.2.5 Effect on job creation

Indicator of Achievement 5 The total number of jobs created (108) was quite a significant achievement. However the number of jobs created per new enterprise (1.6) was not as high as could have been achieved. The average size of the enterprises created was therefore very low from an employment creation view point.

108 jobs were created (including their own jobs) by the sample of 237 respondents 0.46 jobs per trained potential entrepreneur were created, whereas the target in relative terms was 0.41.

2.3 Challenges In Measuring and Analysing Impact

2.3.1 Measurement by whom?

The need to have objective and unbiased information leads to the desire to have outsiders to do the evaluation. This leads however to two problems: a) how to find the trainees given the distances in the region b) how to win the commitment of the programme implementers to effect the changes recommended by ‘outsiders’. In our case we chose a fair mix between the implementers and the ‘outsiders’. The rationale for this was that the findings of impact evaluation exercises should be translated into practical action programmes by the programme promoters and the implementing organizations. An inclusive exercise which retains its objectivity has a higher likelihood of leading to practical action. This reinforces the best

practice of participatory evaluation.

2.3.2 What are precise measures of impact?

The choice of the measures of impact which can be objectively viewed as precise is daunting. Completion of quality Business Plans, their acceptance by a financial institution, new businesses started, number of jobs created, and business survival are the measure we chose. With hind sight we realise now that they are inadequate and each cannot individually be taken as a measure of SYB impact. They need to be considered together and to be further refined. The definition of “new business” needs to be looked at in the context of a region where most people have some type of ongoing informal business activity. When they come for SYB training it is in most cases to get assistance to formalize and graduate their existing business rather than to start a new one.

The issue of what really is the impact of training and how can it be objectively measured therefore needs addressed.

2.3.3 The Attribution factor

To what extent can we attribute business start-up or growth or lack of it to SYB training? The factoring out of other forces impacting on the business start-up or growth and in turn the attributing of all changes to the SYB programme is one of the major challenges of the process of measuring the impact of SYB.

2.3.4 The time lapse between training and evaluation

The timing of when to conduct the impact after the training has a great bearing on the results. Too soon after will not allow for sufficient time for the effects of the training to have been felt on the business. It however makes it easy to trace the trainees. Too long a time will allow for the effect of the training to be visible on the business. A long time lag however makes it difficult to find the trainees.

2.3.5 Comparison difficulties

Cross-country comparative analysis has to be undertaken with caution. Differences in the macro economic environment can lead to huge differences in the performance of the SYB trainees. An enabling business environment leads to better results among SYB trainees while a harsh macro economic environment leads to poor results among the SYB trainees. The tendency to relate good results to good programme execution in cross-country comparative analysis must therefore be resisted.

2.3.6 Cost factors

The cost of training and therefore the cost of achieving a certain impact must be analyzed. Care however needs to be taken in a) what costs are included and b) ensuring equivalence in cost of living adjustments. There is great need for common parameters in cost analysis.

2.4 **Lessons learnt** {tc "2.4 Lessons learnt " \l 5}

2.4.1 The need for rigorous measurement methods

There is need to develop rigorous measurement methods, which can lead to more objective analysis of SIYB impact. This requires that we develop tools that can better discriminate better the impact of other factors and the impact of SIYB on businesses.

2.4.2 The need for honesty in analysis and drawing of conclusions

Impact evaluation will not always endorse the programme implementation strategy nor in fact the product SIYB itself. In these circumstances it is important that we draw the necessary conclusions about the relevance or lack of it of the programme strategy or the product in the given context. This can be a useful basis for innovation.

2.4.3 Finer definition of jobs

There is a need for a finer definition of jobs. What is a job? And in addition what is a quality job? Commonly accepted, system wide answers to these questions need to be found and the parameters developed for how to measure them developed.

2.4.4 Finer definition of costs

There is a need for a finer definition what constitutes the costs of training. The cost items need to be tabulated and categorized into direct and indirect costs, to ensure that references to costs are standard.

3. CONCLUSIONS WITH REGARD TO THE SYB PROGRAMME {tc "3. CONCLUSIONS WITH REGARD TO THE SYB PROGRAMME " | 2}

3.1 Training of SYB trainers

In general, training was well received by the respondents. Therefore, one can conclude that training of SYB trainers was adequate. In some cases, however, TOT participants' general business knowledge and training skills are too limited to enable them to implement SYB training after two weeks of SYB TOT. This means that a certain basic knowledge and skills base is necessary for trainers to become successful SYB trainers.

3.2 Training of potential entrepreneurs

TOPE seminars should at least have a duration of five full days or 40 hours. A variety of designs is possible, for example evening courses, weekend courses or the 'standard' five day course. Seminars that were kept shorter (mostly due to financial constraints) resulted in problems for the potential entrepreneurs to finalize their Business Plan. The duration, furthermore, should also be adjusted to the level of the participants. In case participants have a lower level of education, more time will be needed to explain the topics. This however often is beyond the means and capacity of the User Organizations.

3.3 Follow-up services for potential entrepreneurs

Follow-up was found to be extremely important in the process of Business Plan finalization. It was found that not only the frequency of follow-up, but also the quality of follow-up was important. In the process of data collection, potential entrepreneurs are bound to get stuck. To avoid that potential entrepreneurs abandon their plans, instant follow-up is then needed. The need for follow-up is related to the quality of initial training. If the TOPE seminar was insufficient, participants will need more follow-up. Also, participants with limited educational background generally need more follow-up than others.

3.4 Training materials for potential entrepreneurs

The training materials (i.e. SYB Manual, Business Plan booklet and Directory of Advice and Assistance) were well received. TOPE seminar participants found the materials conducive to assist them in their business planning. The Business Plan booklet assisted them in structuring their plan, and was well received by financing institutions. The Directory of Advice and Assistance was generally well received, although in many cases a higher level of detail was requested. Some respondents requested for more locally specific information, especially those who operated far from capital cities. Finally, information in the Directory of Advice and Assistance gets outdated quickly. A regular updating system, therefore, is required.

3.5 The benefit of SYB for existing entrepreneurs

Existing entrepreneurs and potential entrepreneurs equally appreciated the SYB training. The majority (75%) of the existing entrepreneurs however stated that they had attended the SYB seminar to learn how to *run* their businesses better. Although an immediate conclusion could be that these existing entrepreneurs would be better off with IYB, this is not evident. Whereas the IYB focus is on specific skills to run a business, SYB addresses *planning and decision making processes* in business, and shows the implications of for example marketing decisions on costing, staffing, etc. Insights in these areas are equally important for both potential and existing entrepreneurs.

3.6 Linkages of SYB to finance

A key result of the current study was that immediate access to finance greatly increases the start-up rate. This does *not* imply that SYB training should be automatically linked to the provision of a loan. The study found that start-up rates will dramatically improve, if the programme can ensure that for those with a high capacity finance will be available. As the majority of potential entrepreneurs have difficulty in getting finance for their business idea, start-ups are postponed or even abandoned.

Links to finance were regularly implemented by the majority of the User Organizations (generally with financial schemes within their own organization), but the slow approval processes had a negative impact on start-ups. The negative effect of delays in approvals was especially clear within the short period covered by this study: Most potential entrepreneurs were still waiting for the necessary finance to start a business. However also in the longer term a negative effect can be expected, as potential entrepreneurs often abandon their plans if waiting periods are too long. Linkages to other services may also be important, although respondents seldom complained about any other requirement than finance.

3.7 The role of the User Organizations and their importance for impact

The SYB User Organizations administer the TOPE seminars and therefore play a key role in the achievement of impact on the ultimate target group. The in general limited institutional capacity of the User Organizations at times diminished the quality of training and follow-up for the potential entrepreneurs.

The target group profiles of User Organizations is of key importance for impact. The study found, however, that most organizations could not implement strict selection criteria to reach higher level target groups, as this would contradict their mandates. Mandates of the current SYB User Organizations are mainly geared towards poverty alleviation and direct support to marginalized groups. Also the political implications of turning large numbers down were often considered unacceptable.

Based on the above, one could conclude that the SYB programme should include organizations already targeting these higher level target groups. Current User Organizations could remain part of the programme, however the expectation of impact on job creation is expected to remain limited amongst these, considering their target groups, and the organizations' weak institutional capacity.