

# Intervention design process

## Swisscontact –Vietnam

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### 1. Background

The SME promotion program of Swisscontact in Vietnam applies state-of-the-art methodologies in BDS-market development. This includes best-practices of similar projects as been experienced and documented. Experiences, however, are limited and innovative approaches and methodologies being developed. This also applies for the design of interventions based on a thorough BDS-market research.

The Seed working paper Nr. 28 “*Assessing Markets for Business Development Services: What have we learned so far?*” provides a good reference to Swisscontact-Vietnam in developing its tools. Quotes from this paper are includes hereafter.

### 2. The position of intervention design in the total SME promotion program

The development process of an SME promotion program that applies BDS-market development as a methodology, consists typically of the following components:

1	Context analysis	Depending on the country and Swisscontact’s experience, this may include: <ul style="list-style-type: none"> <li>- fact-finding mission</li> <li>- donor cooperation assessment</li> <li>- macro-level context assessment</li> <li>- gender balance context assessment</li> <li>- environmental conditions assessment</li> </ul>
2	BDS-market assessment	In Vietnam we opted for a sub-sector approach. The BDS-market assessment includes 2 phases: <ul style="list-style-type: none"> <li>- Sub-sector selection</li> <li>- Sub-sector analysis</li> </ul>
3	<b>Intervention design</b>	Interventions with a high potential to have an impact will be selected and designed. This paper describes in detail this process.
4	Implementation of interventions	This will start with a <i>partner selection</i> process. Based on clearly formulated intended interventions, partners that will be engaged in the implementation will be selected. This can be at several levels: <ul style="list-style-type: none"> <li>- BDS-providers</li> <li>- Representatives of SMEs (like associations)</li> <li>- Consultancy organizations engaged in time-limited interventions</li> </ul> Swisscontact will start its support to its partners and/or beneficiaries. By now the program will get its effect on the SMEs.

### 3. The basis for intervention design

BDS-market assessment is the basis for the intervention design, in which both the demand side (SMEs availing BDS) as well as the supply side (providers offering BDS) was assessed.

### 3.1. Benchmarking

Understanding the level of market development can help in the intervention design. Weaker markets will likely need longer, more intense and more multifaceted interventions than stronger markets. It is subjective to establish benchmarks for what constitutes a strong market in terms of market penetration. This might be different in each particular country, consumer group and type of BDS.

The following indicators can be considered (of which data was obtained in the quantitative BDS-users research)

- a) The percent of SMEs that are users of BDS
- b) The percent of non-users whose reasons for not purchasing the service was that it was too expensive
- c) The percent of non-users whose reasons for not purchasing can be addressed by Swisscontact's program.
- d) The percent of SME that realize that it is cost-effective to purchase the BDS
- e) The percent of users that are satisfied with the BDS

And the following indicators that were retrieved from the BDS-providers assessment

- f) Size of BDS-providers population and their competition
- g) BDS-providers' estimate the total market and their market penetration
- h) BDS-providers' estimate of the potential to improve the quality of their BDS

### 3.2. BDS-demand and BDS-supply matrix

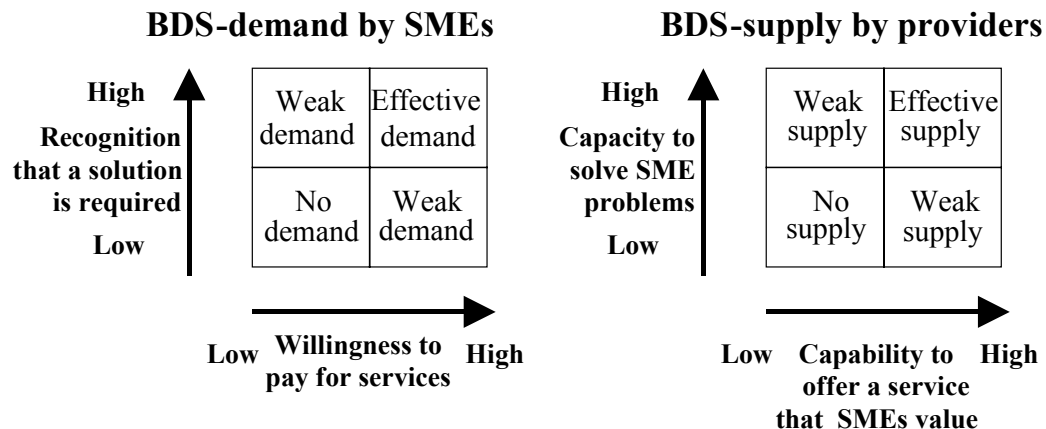
Based on the BDS market assessment, for each BDS that has been addressed in the research its present market position should be determined, both on demand as well as on supply side. As mentioned above in paragraph 3.1 this is largely subjective and it requires sufficient skills in interpreting obtained data.

In the demand matrix two questions have to be answered in order to plot the BDS:

- a) On the scale of 0-10, how well does an average SME in the target population recognizes that a solution that is addressed by that BDS is required?
- b) One the scale of 0-10, how well is an average SME in the target population willing to pay the commercial price for that BDS?

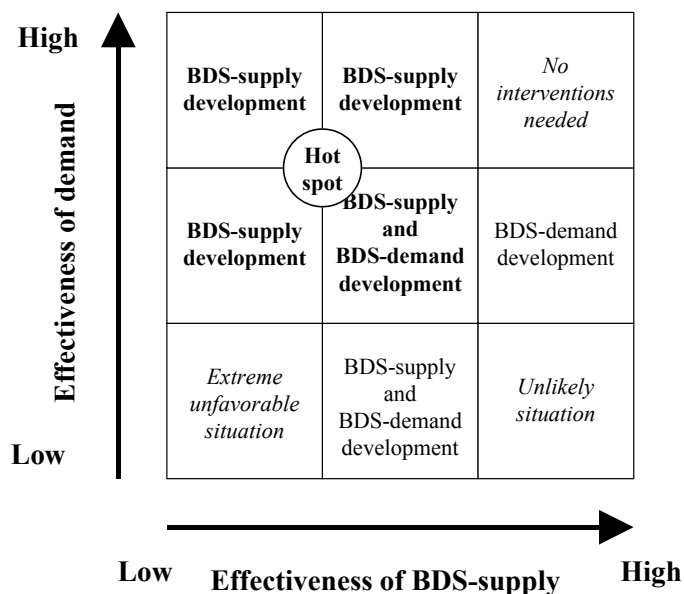
In the supply matrix two questions have to be answered in order to plot the BDS:

- c) On the scale of 0-10, what is the available capacity of the present BDS-providers population in the target area to address a 100% effective demand of the SME-target group?
- d) One the scale of 0-10, to which extent does the overall supply of BDS match the (financial) acceptance of the SME-target group?



#### 4. The intervention design matrix

The intervention design matrix is a simple merger from above two matrices. It should be seen as a tool to compare different types of BDS in the sub-sector and their relevance to the development-potential. In order to plot the BDS, calculate the demand effectiveness by averaging the answers on questions a and b as described in paragraph 3.2 and place that on the scale of 1-10. For the supply, do the same.



Interventions in the BDS-market that are positioned in the 4 boxes on the top-left, around the “hot spot”, have generally a higher impact-potential than the others.

#### 5. Ranking of potential intervention areas

There are 2 factors that are to be taken into consideration when ranking the potential interventions, which are:

- a) Improvement potential of individual types of BDS (markets)
- b) Relevance to the constraints of the sub-sector as a whole

##### 5.1. Grading BDS that have improvement potential

The BDS that were plotted in the *Intervention Design Matrix* will be ranked based on the following criteria:

- a) It's distance to the “hot spot”.
- b) Its estimated relation to the scope of the Swisscontact's program. For instance, does the BDS matches Swisscontact-expertise
- c) From the Swisscontact's professional point of view, the importance of the BDS to the development of the sub-sector
- d) Development-relevance indicator. Although the market assessment might not indicate, from development-cooperation perspective there can be additional justification to address certain types of BDS. This can for instance be related to gender-issues, social issues, or environmental issues.

The following matrix is used, but may be adjusted depending on the context (geographic area, sector, level of average market development, etc.)

<b>BDS-type ranking matrix</b>	Max.score	60	20	10	10	
BDS-type	Indicator	a)	b)	c)	d)	Tot.

## 5.2. Relation between individual BDS (markets) and sub-sector constraints

When the SME promotion program is based on a sub-sector approach, one important dimension in the selection process of interventions that the program will undertake is the identification of the *constraints in the sub-sector* as a whole, which was part of the sub-sector research.

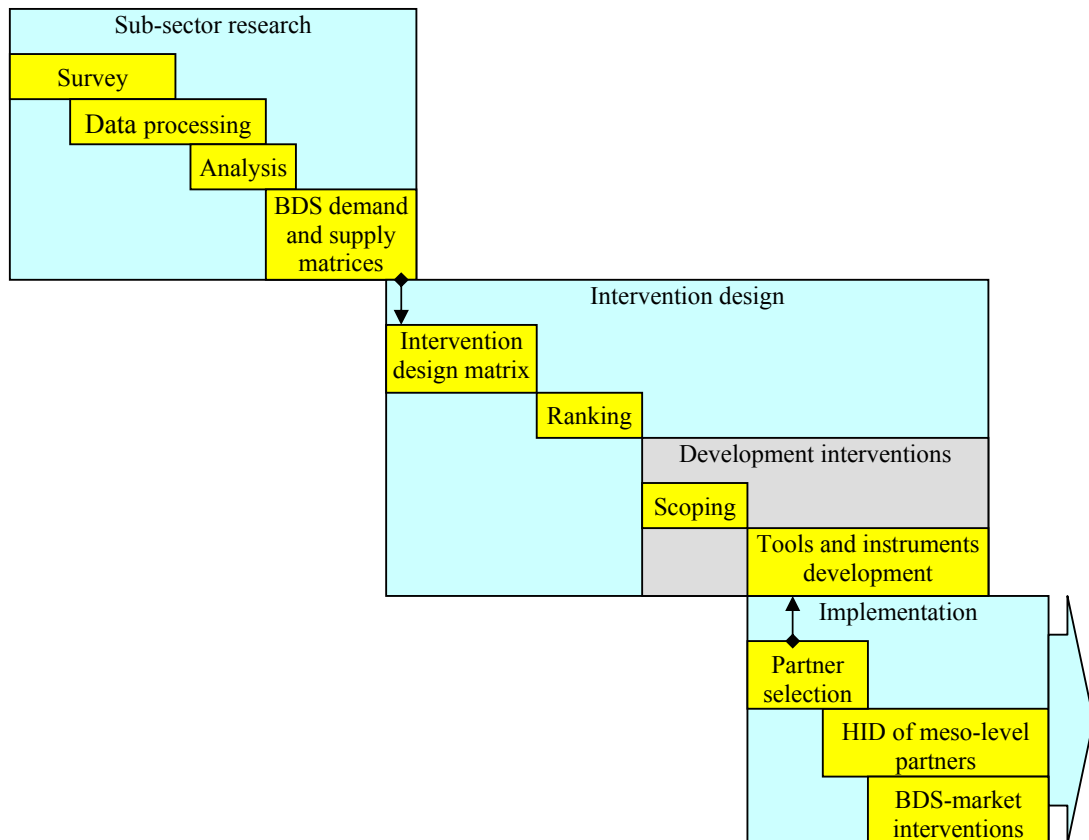
The sub-sector map is a tool to illustrate the transactions between the different actors in the chain between inputs, industrial activities, distribution and end-user segments. The BDS-transactions relevant to each of these segments are also indicated in the sub-sector map.

For each BDS-type in the matrix of paragraph 5.1 its relevance to the sub-sector constraints have to be judged. Grading can be on the scale of 0 to 2, in which zero means no relation at all, 1 somewhat related, while 2 is exclusive related.

Multiplying the score of a single BDS of Paragraph 5.1 with this relation factor results in the final ranking of potential interventions, indicating the type of BDS, but also its focus in the market as illustrated in the sub-sector map.

## 6. Development of interventions

The actual development of the interventions is a joint-effort between the different stakeholders and may be stretched over a longer period of time, depending of its particulars. The development process itself is the final part of the intervention design, to be illustrated as follows:



The development of interventions starts with “scoping” this process for those types of BDS that have been selected. This scope will become part of the partner-selection process, who will be actively involved in the development of tools and instruments. The actual development of the tools and instruments depend much on their scope.

There are basically 4 different challenges in developing the demand side of the BDS-markets, which is strongly related to the different potential interventions.

- a) Make SMEs aware of the BDS
- b) Help SMEs understand the BDS
- c) Persuade SMEs to try the BDS
- d) Ensure that SMEs continue to use the BDS

The development of the supply side of the BDS-market should be based on the identified constraints, but should concentrate on the pre- and post-delivery of BDS in order to avoid distortion of the market.