Synergies through linkages:
Who benefits from linking micro-finance and business development services?

Merten Sievers, ILO International Training Centre, Turin, Italy

and

Paul Vandenberg, Economist, New Delhi, India

Summary

Access to both financial and business development services (BDS) can aid the growth of micro and small enterprises. Early efforts to combine or 'link' these two types of services proved unsuccessful, however. BDS was supply-driven, of poor quality and often confined to management training. A renewed interest in linking services is driven both by a concern that 'credit is not enough' to generate bottom-up poverty reduction and by a new approach to BDS. Business services must be demand-driven, managed in a sustainable manner and diversified beyond management training. For success, linkages must provide benefits to the three key actors involved: enterprises, BDS providers and microfinance institutions. Thirty linked programmes are analyzed using a six-part typology.

Key words: micro-finance, small enterprises, BDS, Africa, Asia, Latin America

This Article was published as it appears here in World Development Vol 35, No 8, pp. 1341-1398 © Elsevier Ltd. To access the journal version please go to:

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World Development Vol. 35, No. 8, pp. 1341–1358, 2007

0305-750X/$ - see front matter

doi:10.1016/j.worlddev.2007.04.002

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Acknowledgements

The authors would like to thank the many people who contributed their comments and ideas to the paper. We note, in particular, the contributions of Craig Churchill, Coumba Diop, Klaus Molenaar, Jim Roth, Leo Soldaat, Nic van der Jagt, Lillian Villeda and three anonymous referees. An earlier version was presented at the 3rd Annual BDS Seminar at the ILO Training Centre, Turin, Italy, in September 2003 and appeared as ILO-SEED Working Paper no. 64. Nonetheless, the views expressed herein are those of the authors and do not necessarily represent the views of the people mentioned above or the views of the International Labour Organization, its officers or its constituents.

1. INTRODUCTION

In developing countries, micro and small enterprises (MSEs) employ a significant portion of the total labour force. Support for the development of these informal and formal businesses can lead to higher profits, wages and employment levels which, in turn, can contribute to a bottom-up transition out of poverty for entrepreneurs and workers. One way of strengthening MSEs is to improve their access to vital enterprise support services.

These services can be divided into two basic categories: (1) financial services, notably micro-credit; and, (2) business development services, or BDS. The latter is comprised of a broad range of non-financial services that boost competitiveness through higher productivity, better product design, improved service delivery and/or enhanced market access. The main categories of BDS are management training, vocational skills training, marketing assistance (for inputs and output), technology access, technical assistance, productivity and product design, accounting and legal services and access to various sorts of information (about standards, regulations, ideas in the enterprise field) (see Table 1).

Finance and BDS are both meant to contribute to the survival and growth of MSEs (impact objective) but they are also treated as business activities in their own right. That is, they are expected to sustain, or significantly help to sustain, themselves through interest and principal repayments, through service fees and, in the case of embedded services, through their contribution to the marketing and sale of other products (machinery, seeds, inputs, etc.). This is the sustainability objective of enterprise services. Financial services, notably micro-credit, have achieved some degree of success in terms of both impact and operational sustainability, although often without full financial sustainability (operating costs plus the costs of capital). BDS has had a more difficult time in meeting either objective. Sustainability can be achieved for services aimed at larger SMEs but is more difficult for micro-enterprises run by the poor. In terms of impact, BDS has had an uneven record.

Achieving the two objectives of impact and sustainability involves a range of decisions about target groups, types of services to offer, the quality and intensity of service provision, how to set fees and interest rates, etc. These questions are part of the larger issue of whether both impact and sustainability can be enhanced by linking together the two types of services. Through a review of over 30 linked programs, this paper argues that indeed *synergies through linkages* do exist but only if the linkage is properly structured. A well-structured linkage must be voluntary (the enterprise is free to take both or only one service) and the two types of services must be managed separately (either within the same provider or between two providers). Separate management will ensure that costs of and revenues from each service can be properly monitored. When the linkage is voluntary the provision of services will be driven by demand, i.e. MSEs will only agree to pay for services that meet their demands and help to raise their profitability. In turn, when services are demand-driven, they increase the sustainability of micro-credit and BDS providers by generating income (fees, interest) but also by securing client loyalty (repeat business) and by increasing the client base. While there is limited evidence that BDS increases credit repayment rates, such services can help enterprises gain access to formal credit and can help to move credit clients up to larger loan sizes. In short, properly structured linkages can benefit the three main players involved: micro and small enterprises, micro-finance institutions and BDS providers.

Table 1: Business development services: type, intensity and modes of delivery

Type	Intensity		Modes of Delivery
	Low	High	
Financial literacy and credit use	Basic instruction on loan repayment Short refresher	Regular, intense instruction	Group, classroom-setting prior to first loan During loan repayment meetings Training workshops
Management training and business planning	Business start-up advice Business idea planning	Advanced marketing, upgrading and strategic planning	Business plan competitions Continuing education at local colleges Business associations and private trainers On-going mentoring
Vocational skills training	Short courses on single abilities	Apprenticeships, long-term training plan, competency based learning	Limited designated programs Existing VET institutes and private providers Sector/cluster/business associations
Human resources develop. and employee relations	Short legal instructions and advice	Personnel management, hiring, firing, Occupational safety and health Strategic planning on HRD Incentive schemes, Benefits planning	Local lawyers Designated courses, government OSH unit Specialist HRD consultants Employer and employee organizations
Marketing and advertising assistance **Market analysis**	Design of advertising materials Basic information on local suppliers and output markets, Advertising advice	Market surveys and strategy Planning and organizing group buying and group selling	Local graphic design shops Marketing consultants Embedded media services (e.g. newsp. ad department) Through coop/sector/cluster association
Technical advice related to productivity, design, etc.	Usually services embedded in other business transactions	Consultancy Contracted consultancy services Embedded training	Trainers, consultants Equipment/input suppliers, product buyers Coop/sector/cluster association
Access to technology	Advice on purchase of basic tools and machinery, access to supplier information	Access to basic, design, finishing and related technology	Access purchased from private owners Collective small group ownership Provided through sector/cluster association
Information: regulations, standards and MSE ideas	Basic advice on setting up and running business in specific sector	Consultancies on complex standards and regulatory issues	Internet cafés, Trainers, consultants Sector/cluster association or chamber of commerce Private media programs on large or SMEs Internet
Accounting	Finalizing accounting records for tax and or formal purposes, Quick advice	Accountancy training Account. Advice/consultancy	Contracted services from local accountant or accounting firm Part of financial literacy or management training Structured instruction for MSE's own use
Legal services	Advice and services in legally registering an enterprise at municipal level Advice on basic laws	Advice from lawyers Dispute resolution with gov't., employees, other firms	Contracted service from local lawyer Private law firms or lawyers of business associationAdvice from MSE ass. or chamber of commerce

Source: Authors.
Note: to keep the list manageable, we have focused mainly on *strategic* services and not included several *operational* services such as telecommunications (telephone, etc.), utilities and transport.

This paper is divided into five sections. Following this first section, the paper reviews the changing trends among practitioners and donors regarding support to MSEs. It suggests that there has been a movement from poorly designed linkages, to a credit-only approach and then, more recently, to an effort to design linkages that are better structured and more sustainable. The third section addresses conceptual issues and presents a six-part typology of linkages based on whether they are voluntary or compulsory and whether services are delivered by the same or different departments within an organization or by entirely separate institutions. The fourth section reviews the empirical literature regarding the costs and benefits of linkage for each of the three actors; MFIs, BDS providers, MSEs. The concluding section draws lessons, provides recommendations and highlights issues for further research.

Along with a review of the published literature, the paper also relies on the *grey* literature of unpublished project documents and progress reports. In addition, discussions were held with, and comments solicited from, a range of key informants working for micro-finance institutions, BDS providers, international organizations and bilateral donors. The insights received focused on field experiences.

2. EVOLUTION OF SMALL ENTERPRISE PROMOTION

The focus of support programs for small enterprises has changed considerably since the late 1960s. Donors, working with national governments, initially emphasized formal small and medium enterprises (SMEs) in manufacturing in an effort to spur industrialization. The World Bank, for example, began channeling credit to SMEs in 1973 with average loan sizes over the next two decades of US$40,000 (Webster *et al*., 1996). Projects funded by bilateral and multilateral donors involved a combination of credit and BDS. Credit was routinely channeled through development banks and BDS was provided by these banks or by government ministries or agencies. Unfortunately, the BDS was often of poor quality, not suited to demand and highly subsidized.

In the late 1970s and early 1980s, the emphasis changed. Following experiments in Latin America and Asia, micro-credit based on group-lending to poor people caught the imagination of the donor community (Morduch, 1999). The Grameen Bank in Bangladesh and programs supported by ACCION International and others in Latin America focused on the entrepreneurial activities of the poor people. With a little credit the poor could help themselves instead of relying on unsustainable donor projects based on a welfare mentality. High repayment rates, along with interest income, meant that micro-finance institutions could achieve a measure of sustainability.

In the beginning, BDS was very much a part of this shift to micro-enterprise. MFIs were encouraged to provide training to loan recipients so that the latter would use the credit profitably. Successful use of the credit would meet the development objective of poverty reduction and, it was thought, would ensure high repayment rates. The latter would, in turn, support the sustainability of the MFI. At this stage, BDS was mostly confined to basic management training, including the development of a business plan, and was commonly a pre- or co- requisite for obtaining credit. MFIs often directed their own credit officers to deliver the training.

By the late 1980s and early 1990s, many micro-credit programs began to scale-back their BDS activities, however. In Latin America, for example, BDS was no longer a credit prerequisite for an increasing number of micro-lenders, although it was still often "strongly encouraged" by loan officers (Goldmark, forthcoming, p. 1). This shift away from mandatory services occurred for several reasons. Many MFIs sensed a lack of demand from their borrowers, which in turn was often prompted by the poor quality of the services and the narrow focus on business training. Given a choice, borrowers declined services that they sensed would not improve their businesses.

At the same time, there was a general push for MFIs to become sustainable. BDS tended to add to operating costs, notably in the (many) cases where credit officers were asked to add business training on top of their already active work schedules. In most cases, the benefits of BDS were unclear, in terms of impact on clients and revenues for the provider, because accounting systems did not separately track the costs and revenues of the two services. A review of combined credit-BDS programs supported by the World Bank in 1989-1993 found, for example, that the "the cost effectiveness and the potential for financial sustainability of technical assistance programs [i.e. BDS] are rarely discussed" and that cost-benefit analyses "were not performed routinely" (Webster *et al.*, 1996, p. 37). The general perception among practitioners was that the ratio of benefits to costs was "poor" (*ibid.*).

Some providers began to maintain a clear distinction between the two types of services. The consensus was that credit activities should not be obliged to cross-subsidize BDS. Nonetheless, it was also felt that sustainability was more difficult to achieve for BDS. The Asian Development Bank was probably expressing a common view at the time when it suggested that "it should be accepted that for non financial services, cost-effectiveness and net social benefits are more appropriate immediate goals than full cost recovery or sustainability" (ADB, 1997, p. 82). It recommended that "funding agencies should be willing to countenance subsidies in non credit inputs and services for much longer than is necessary in credit provision" (*ibid*., p. 77). Many MFIs did not agree and decided to focus more narrowly on one product line, i.e. credit. In addition, some MFIs that began as NGOs evolved into proper financial institutions and had to comply with financial sector regulations which required a clear accounting separation between finance and BDS or required that non-financial services not be provided at all.

From about the mid-1990s, MFIs in Latin America, and to a lesser extent in Asia and Africa, focused on what became known as the "minimalist credit model" (Goldmark forthcoming, p. 1). The emphasis shifted to the different methodologies for delivering credit and other financial products that could maximize sustainability. At the same time, the importance of achieving the developmental goals of enterprise development and poverty reduction declined. Some of the main practitioners described the "shifting focus" as it was taking place in the early 1990s:

> the terms of the discussion [are moving] away from individual firms, onto institutions and their ability to provide services on a sustainable and widespread basis (…) In shifting focus, the financial system approach necessarily relaxes its attention to 'impact' in terms of measurable enterprise growth, and focuses instead on measures of increased access to financial services (Rhyne & Otero, 1992, pp. 1561-62).

Others criticized it later, such as Dichter who argued:

> By the late 1990s, especially within the microfinance sector, we heard hardly any debate on large questions about development. Instead what debate there was in microfinance focused almost exclusively on technique and scale, with purpose and impact having been taken largely for granted (quoted in Fisher & Sriram, 2002, p. 79).

As late as 2001, researchers could claim that the number of “rigorous studies” of micro-credit impact that were available in the public domain was “small” (Copestake et al., 2001, p. 82). The results of those studies tended to be positive, with CGAP, the international consultative groups on microfinance, suggesting that the “bulk of the evidence” regarding impact is “generally favourable” (Littlefield et al., 2003, fn 3). There were – and still are – concerns, however, notably about whether it is the poorest who benefit, instead of the less poor or even the non-poor (see, Mosley and Hulme, 1998; see also Morduch, 1998; Cohen, 2002). Others questioned whether credit was the only or the major constraint facing enterprises, especially for those wanting to grow above their micro size. As Fisher and Sriram noted:

> poor borrowers from [microfinance institutions] often do not graduate to higher and higher loans, and consequently to productive small enterprises. While credit may initially be the ruling constraint for micro-enterprises, for them to grow beyond a certain size, other constraints come into play, for example of markets and managerial capacity. Micro-enterprises are therefore unlikely to grow significantly without inputs that can address these additional constraints (Fisher & Sriram, 2002, p. 75).

For its part the Asian Development Bank (1997) suggested that micro-enterprise development should take place “not by credit alone” and more recently the Inter-American Development Bank has looked “beyond finance” to combined finance and BDS as the way to support to micro firms (Goldmark, forthcoming). CGAP and others have also been investigating the issue.[1]

During these debates about micro-credit, the BDS field was also changing. Policymakers and practitioners took on the criticisms and learned lessons from credit institutions about sustainability. A more market-oriented and client-led approach developed, culminating in a consensus in the late 1990s on a *new market development paradigm* for BDS as set out by the Committee of Donor Agencies for Small Enterprise Development. The Committee’s guiding principles on the matter held that “BDS can be delivered on a commercial basis even for the lowest-income segment” of the small enterprise sector (CDASED, 2001). Meanwhile, evaluations of BDS projects suggested that the demand for credit and management training only partially overlapped (Goldmark, 1999). It didn’t make sense, therefore, for all loan borrowers to undergo training. Marketing services (for inputs and output) and technology access services were found by some to have more chance of sustainability (*ibid*.). Moreover, vocational skills training that targets micro start-ups was found to be in high demand as participants can expect a direct return, often within a few months. (*ibid*., p. 12; see also, ILO 2004, p. 35-36).

Indeed, the emphasis in the BDS field first focused less on specific services and more on “how” these services should be provided (market driven, commercially viable). “Operating principles” and “delivery models” of services to MSEs were developed and promoted (Miehlbradt & McVay 2004, p. 37). More recently there has been a reaffirmation that BDS encompasses a wide range of products in different niche markets depending on the sector and the activity that is being supported (Miehlbradt & McVay, 2003, p. 12). A business service must address a distinct business weakness or provide a service that the enterprise cannot generate internally. Thus, the BDS field has been looking at a broader range of services, each suited to particular demands and types of enterprises and always with an eye on sustainability.

This combined shift – of moving beyond micro-credit alone and providing more appropriate BDS – has influenced a new approach called, “making markets work for the poor” (see, DFID, 2004; SIDA, 2004; Miehlbradt & McVay, 2005). This is a holistic strategy that begins by analyzing the markets of particular sub-sectors or value chains in which small enterprises operate.[2] The key constraints are determined (quality, delivery time, market access, technology, skills, regulation, supplies, etc.) and support is then targeted so that entrepreneurs can overcome the constraints. Credit provision is one possible intervention, while various forms of BDS, such as marketing support, quality upgrading, improving market access, are others.

The pendulum thus may be swinging back in the direction of linked services and broader development goals – but with a difference. There is greater emphasis on local demand, on markets and sub-sectors, on cost recovery, quality and sustainability and on substantially improving the lives of poor entrepreneurs.

3. TYPES OF LINKAGES

While practitioners are aware of the pros and cons of linkage, little effort has been made to conceptualize the various types as a basis for defining good practice. One of the few institutions that have made such an attempt is Freedom from Hunger (FFH), although most of the institutions that FFH works with link loans with non-business education. Dunford (2001, p. 1) of FFH defines three categories of linked delivery.[3]

- *Unified*: the same people of one institution deliver both types of services
- *Parallel*: an institution has two different organizational units, with separate accounting and different people, delivering the two types of services
- *Linked (or Partner[4])*: two distinct institutions operating in the same area link to each other by referring clients to each other, undertaking joint marketing, etc.

This categorization does not, however, take into account whether the linkage is compulsorily or voluntary. The issue of choice or 'voluntariness' is a controversial one. Some practitioners argue that BDS, notably management training, should be compulsory because it teaches borrowers how best to use the finance. By contrast, Helms (1998) argues that multipurpose MFIs should not oblige clients to buy other non-financial services. She notes that,

> compulsory services: 1) increase the financial and non-financial costs to the client and the MFI, 2) imply a certain level of interference with the client's own judgment as to which services are most useful, and 3) deprive MFI management of valuable information about client satisfaction with the compulsory services (Helms, 1998, p. 2).

To capture the choice dimension, we have added an additional distinction between:

- Compulsory linkage: clients (MSEs) must take both finance and BDS; and,
- Voluntary linkage: clients can choose to receive both services or only one.

Combining Dunford's classification with the choice dimension generates six types of linkage, as set out in Table 2. Each linkage type has distinct characteristics that affect MSE clients, the delivery of services by finance and BDS providers and, ultimately, the funding decisions of donors.

Table 2: Typology of linkages

Type of linkage	Voluntary (client decides)	Compulsory (institution decides)
Unified	ADEMCOL (Growth clients) (Colombia) Al Amana Tkwin Jdid (Morocco) Financiera Solución (Peru) MiBanco (Peru)	ADEMCOL (micro clients) (Colombia) Bank of Khyder (Pakistan) Crecer (Bolivia) Freedom from Hunger (FFH)[a] supported institutions (includes non-business education) GDREP/PRIDE (Guinea) PADME (Benin) Papir (Mocambique) ProMujer (Bolivia) SACCO (Kenya)
Parallel	BRAC (Bangladesh) IDEPRO (Bolivia) PRIDE (Guinea) SEEDS (Sri Lanka) Fundación Mario Santo Domingo (Colombia)	ISSIA (Uganda) (training compulsory) SEEDS (Sri Lanka)
Partner	ADA-CEREM/LUX Youth project-MFIs (Mali) BASIX (India) Care Bosnia Credit and Market Access components (Bosnia-Herzegovina) EDA Banja Luka - Microfins (Bosnia-Herzegovina) MEDF Banks- Business Centers (Macedonia) Bank Niaga- Swisscontact supported Business Centres (Indonesia) SIYB- Barclays bank/MFIs(Zimbabwe) SIYB-MFI (South Africa) Fundación Carvajal (Colombia)	Primero Emprego youth employment programme (Brazil) VanCity Credit Union (Canada) LEDA (Croatia)

Source: see bibliography

[a] Other FFH supported institutions include: ACLAM (Action Contre la Misère) in Haiti; COD/EMH (Coordination des Programmes de Développement de l'Eglise Méthodiste d'Haiti) in Haiti; CRECER (Crédito con Educación Rural) in Bolivia; FAMA (Familia y Medio Ambiente) in Honduras; FITSE in Malawi; FOCCAS (Foundation for Credit and

Community Assistance) in Uganda; FUNDAP (Fundación Para el Desarrollo Integral de Programas Socioeconómicos) in Guatemala; Haingonala in Madagascar; and, Vola Mahasoa in Madagascar. See: http://www.ffhtechnical.org/cwep/partners.html.

In establishing this typology, we have focused on the nature of the *linkage*. There are, of course, other critical factors that will determine the success or otherwise of any service delivered, be it micro-credit or BDS. The quality of provision, the type of service provided (notably in BDS) and the intensity of the provision will all be important.[5] These will no doubt have an impact on outcomes but they can also affect the way we think about linkages. For example, while most micro-credit practitioners are opposed to compulsory BDS provision, they might at the same time not be opposed to low-intensity financial literacy and basic business advice provided at repayment meetings for first-time borrowers. They are likely, however, to strongly oppose compulsory, high-cost and poorly designed training programs of a week or more. Table 1 provides a distinction between low and high intensity BDS delivery and notes the variety of modes of delivery. For the cases reviewed in Section 4, we provide, where possible, some detail on the type, quality and intensity of service delivery.

Furthermore, we note that the actual establishment of a linked programme has usually had one of several common histories. Some programmes are linked from the start. As noted, early attempts at linkage were based on a prevailing understanding that new enterprises needed some type of business training. More recent programmes are also established as linked from the start but on a more voluntary basis. In other scenarios an established micro-finance provider may add BDS as an effort to build client loyalty for several reasons: to gain a marketing advantage over the competition, to expand into new markets (i.e. larger or smaller clients, as the case may be), or to better fulfill its developmental mission. Similarly, an established BDS program may link with a micro or other financial institution in an effort to increase it client base (or, from a developmental perspective, its outreach). A BDS provider may work to ease the access to credit required by its recently trained clients for whom credit is a significant constraint in establishing a micro or small enterprise.

The main characteristics each of the six types of linkage are now outlined.

(a) Unified-Compulsory

Under this approach, the same institution and the same department and staff within that institution provide both services and clients must accept both. This was a common early approach, although many practitioners are now opposed to it. A typical way to unify the services is to train the borrowers during repayment meetings (e.g. Crecer, ProMujer and several institutions supported by FFH and Women World Banking). The piggy-backing of repayment meetings and BDS delivery reduces the costs to the institution and the client because the repayment meetings need to be organised and attended anyways (Dunford, 2001, p. 2; Stack, 2002). The training sessions are usually short and paid for fully or partly by the clients. Payment is made through a higher interest rate on the loan or by applying an explicit fee, usually paid with the credit instalment. Other programs deliver classroom management training en bloc to micro-entrepreneurs before they receive credit (e.g. PAPIR, PRIDE, PADME, SACCO).

(b) Unified-Voluntary

One department can provide both types of services but clients can opt to receive both or only one. Four institutions were identified in this category and they all started as MFIs and later added a BDS component. Different practices exist as to whether the client must pay for BDS, which is usually management training. Al Amana Tkwin Jdid (Morocco) charges a small fee for training, while MiBanco and Financiera Solución (both in Peru) do not charge but clients cover the cost of travel and the opportunity cost of the time needed to attend. Trained staff from the financial institution tends to deliver the training.

(c) Parallel-Voluntary

The same institution can decided to offer both services but deliver them through different departments with separate accounting and staff. Clients have the freedom to take one or both services. This approach has been used by institutions that began as BDS providers and later added financial services (e.g. FIE[6] and IDEPRO, both in Bolivia). It also includes institutions more known for their financial services (e.g. BRAC in Bangladesh and SEEDS in Sri Lanka) and private enterprise development foundations (Fundación Mario Santo Domingo in Colombia using ACCIONs "Dialogo de Gestiones", see, Restrepo (2005)). BDS is usually partially paid for by the client and the payment is not linked to the credit (i.e. higher interest rate). While IDEPRO supplies both services independently to any clients, BRAC offers BDS only to its own borrowers.

(d) Parallel-Compulsory

In this category, clients are required to take both types of services but from separate departments of one organization. The approach is not common, as might be expected given that the BDS and credit departments operate separately and retain decision-making authority and thus are not likely to be involved in a compulsory arrangement. In the two examples found (ISSIA in Uganda and SEEDS in Sri Lanka) this category applies only for a few products that the institutions offer – i.e. other products are offered with no linkage. The advantage of this approach is that the institution can establish the effectiveness and sustainability of the two services separately even if they are both delivered to both clients.

e) Partner-Voluntary

It is also possible for two separate institutions to link-up by referring clients to each other. For example, at some business centers in Eastern Europe, clients are given assistance to write business plans that are tailored to the requirements of certain financial institutions (MEDF in Macedonia, see, Sievers *et al*., 2003; Swisscontact's linkage program in Indonesia, see, Bissegger, 2004). Some BDS providers advise clients on which MFIs and banks to approach and how best to make a successful loan application. Examples include SIYB management training in Zimbabwe (ILO, 2002) and Fundación Carvajal in Colombia (Goldmark, forthcoming). In turn, the financial institution markets and promotes the training program for the BDS provider. In some cases, this approach also includes guarantee funds set up in the financial institutions to cover a portion of the credit risk of the clients (SIYB in southern Africa).[7]

(f) Partner-Compulsory

In this model, clients must take the two services that are offered by partner organizations. For instance, clients must often show that they have completed the BDS (usually management training) to gain access the credit (i.e. Van City Credit Union in Canada). This was also planned for the youth employment program *Primero Emprego*, of the Brazilian government, in which some institutions deliver credit while others provide training and associated BDS. In both cases, the training is fully subsidized.

4. WHO BENEFITS AND WHO PAYS?

For synergies to be created through linkages, it is necessary not only that enterprises benefit from receiving the services, but also that the providers gain some benefits. Many providers are keen to support overall development objectives but wish to do so while ensuring their own viability and expansion. In this section we review the impact of linkages on MSEs, micro finance institutions and BDS providers, respectively.

(a) Benefits and costs for micro and small enterprises

Until the turn of the millennium, little effort was made to systematically measure the impact of BDS on enterprises that were also micro-credit recipients. Indeed, McKernan (2002) claimed that her study, described below, was the first to actually measure the non-credit aspects of microfinance programs. That study, along with three others that appeared at about the same time, all found that BDS made a substantial positive contribution to the profits of micro-credit users. These studies thus counter the old tide of opinion that BDS is not a useful addition to credit. The reasons why there might be differences between past opinion and these survey results is not clear. However, it is probably related to the quality and the type of BDS. The services provided in the four studies tended to be specific, focused more on vocational skills training and market access, instead of traditional management training, and were designed to address market failures (notably BRAC).[8]

The first known study involved 283 participants of a micro-credit programme in Zambia (Copestake *et al.*, 2001) Because a portion of these 'participants' had been selected for the program but had not yet received credit, they provided a convenient control group against which to test the impact of credit provision. The study did not focus on access to BDS, but it did include a variable for 'training'. That variable was positive and significant in regressions to test for the impact of several factors on the growth of enterprise profits. Little evidence is provided on the type of training associated with the project or its quality. As with all such studies, it is also not clear whether the training variable was picking up only the impact of training or also other non-observable characteristics notably the willingness to receive training and a desire to improve the performance of the enterprise (*ibid*., p. 87). Nonetheless, the study provided a first (positive) assessment of the impact of BDS on micro-credit recipients.

A second study examined the performance of 140 micro-entrepreneurs in Bolivia (Nisttahusz *et al.*, 2002)[9]. In this case, the study was specifically designed to test the impact of BDS. Half of the entrepreneurs had received only credit while the other half had access to several services, including skills and management training and marketing support. Nisttahusz and his colleagues found that those who received both types of services achieved better business results which allowed them to graduate to subsequent loans with longer maturities. Despite the positive results, the assessment found that micro-enterprise owners often had very little understanding of how to use combined services for maximum benefit and that much more could have been done, by the service providers, to match services to the needs and demands of the clients.

The third study, by McKernan (2002), is an exceedingly rigorous econometric assessment using data from 1,798 households across 87 villages in rural Bangladesh during 1991-92. The data were obtained from a survey to test the impact of three well-known micro-credit institutions or programs: the Grameen Bank, Bangladesh Rural Advancement Committee (BRAC) and the Bangladesh Rural Development Board's RD-12 program. The study distinguishes between a credit effect and a noncredit program effect. The noncredit aspects include social development workshops, a set of pledges and specialized skills training. The skills training provides instruction on how to produce specific products (silk, rice, etc.), including the use and maintenance of tools and machinery, and is clearly BDS. Social development aspects are a combination of health advice (drink tubewell or boiled water), family advice (educate your children, do not give or receive a dowry) and household management tips (plant trees and a vegetable garden, save your money in the bank) (*ibid*., p. 94). The study does not distinguish between these different noncredit aspects. Nonetheless, the results are impressive: the increase in enterprise profits from noncredit program components ranged from 84% to 173% over the three programs. This translates into an increase in monthly profit of about $55, which is significant considering that average monthly household income in Bangladesh at the time was $73.

The fourth study focused specifically on BRAC clients and distinguished between those taking only credit and those involved in sub-sector support activities (Halder, 2003).[10] The latter activities included vocational skills training (poultry raising, tailoring, etc.), supported by access to inputs where markets were missing or weak (i.e. week-old chicks) and on-going technical advice. Interested women were provided with three to seven days of initial training and given access to credit. They paid for these inputs and services but in general such fees covered only 47 per cent of the costs. Specialized staff delivered the training and other services and costs were tracked separately. These features indicate that BRAC has a parallel-voluntary approach.

Halder's impact assessment was based on 543 borrowers, of which one-quarter received skills training while the remainder did not. The two groups were broadly similar, consisting of women from the poorer sections of society, although the trained group had a lower initial endowment of household assets, owned less land and had larger households. After inputs were provided the trained group generated gross annual income that was more that twice the level of the other group (US$217 compared to US$107). Halder concluded:

> An attempt was made to find out whether credit in combination with skills training is more effective or whether credit alone is what is needed to increase income levels. Among all members receiving credit, the income of those who received skills training was almost double, indicating the positive contribution of skills training along with credit in increasing income (*ibid*., p. 31).

Furthermore, the increased income considerably exceeded the service charges paid by the clients. The clients' fee for the training and the extension service varied between US$3-10. The costs of the skills training for the institution are estimated to be between US$7.40 and 10.80 per trainee. Therefore, the fees charged to clients covered only 47 per cent of BRAC's costs of providing the services. However, the additional income gained by clients from training services and credit would easily allow them to cover the full costs of these services. The income generated as a result of receiving the combined credit and training was 8 to 66 times higher than the fees paid by clients for those services. (*ibid*., p. 33).

Various other programs note the benefits to MSEs of linked services, although statistical evidence using a reliable methodology with treatment and control groups may not be available (see below, Financiera Solución, Al Amana Tkwin Jdid in Morocco and SIYB in Zimbabwe). Finally, a recent study of FINCA-Peru that did use control and treatment groups found that entrepreneurship training had no impact on the income or assets of the borrowers (Karlan & Valdivia, 2006).

(b) Benefits and costs for financial service providers

In the past it was often assumed that linking to BDS might be beneficial for a financial institution because it would support enterprise success and that, in turn, would reduce the risk of loan default and improve loan repayment. .The experiences reviewed for this paper suggest, however, that MFIs are more likely to see linkage as a way to stimulate client loyalty rather than to improve repayment, especially among good clients that are growing and may be tempted to seek credit elsewhere. A lender might also be better able to assess the credit risk of a potential client by gaining access to information about the client from the BDS provider

Most MFIs that have added BDS have done so not for commercial reasons but rather in response to requests from donors or the requirements of government programs. Financial institutions that have taken on BDS for commercial reasons have used it to retain clients. Competition between MFIs has been increasing in many countries, such as Bangladesh, Indonesia, Bolivia, Peru and Uganda (Rhyne & Christen, 1999) and institutions need to provide additional services to stimulate customer loyalty.

Financiera Solución offered the ILO's *Improve Your Business* (IYB) management training to existing credit clients as a marketing instrument and a reward for client loyalty. Clients were not required to undergo the training – making it a unified but voluntary approach. Financiera Solución entered the Peruvian financial market in 1997 by providing consumer credit but later moved into the MSE market to expand and diversify its client base. Due to increasing competition for these clients, the institution designed a variety of incentive schemes to retain clients, including management training for its most successful clients. During the sessions, each client develops an investment plan that is passed on to a credit committee for evaluation. The credit committee also gets feedback from the trainers. In 2004 the institution had 200,000 credit clients. Training began in 2001 and 2,609 clients were trained in IYB by mid-2003. An additional 2,400 were expected to receive training in the second half of the year.[11] Financiera Solución received advice from the ILO but self-financed the linkage programme. FS invested a total of US$ 78,000 from 2001-2003 in these non-financial activities, out of which US$ 50,000 was spent on advertising costs that also served to promote Financiera Solución's other products. In 2003 the ILO commissioned a study that found that the 2,609 trained FS clients had leveraged additional credit totaling US$ 462,000, which in turn generated an additional income of US$ 42,000 for Financiera Solución (Ruijter de Wildt, 2004, pp.15-16). The study also found that out of 114 entrepreneurs interviewed those taking the non-financial service expressed stronger loyalty to Financiera Solución, achieved better business performance and employed significantly more people than those who did not take the service (*ibid.*, pp.27-29).

The hypothesis that the use of BDS would lower the default rate by improving enterprise performance could not be verified nor rejected. This is mainly due to the relative lack of studies investigating the issue. Except for one study, the evidence that does exist indicates either that the default rate has not changed, or that it may have improved marginally. It must be remembered that many micro-finance programs already have very high repayment rates and thus there is limited room for improvement. At the same time, there is no reported evidence of default rates increasing.

The one recent study that does show clear positive results is based on data from FINCA-Peru (Karlan & Valdivia, 2006). Borrowers were more likely to repay on time and less likely to default if they had also undergone entrepreneurship training. Client retention rates for the micro-finance provider were also higher. Improved repayment did not appear to be generated by better business performance, however, as the training had no measurable impact on business income or assets.

The Bolivian study by Nisttahusz *et al*. (2002), noted above, did consider the impact of BDS on repayment concluded that there is no significant link between the two.[12] The study did indicate, however, that clients who receive BDS usually have access to slightly larger loans and longer maturities. This may indicate an implicit recognition by the credit institution that these borrowers are more creditworthy.

A similar study was carried out on ADEMCOL (2001), a Colombian microfinance provider that added business training to weekly meetings with clients. Unfortunately, the results of the study are inconclusive because of other factors affecting delinquency (arrears) and dropout rates. After training was introduced, staff reported higher client satisfaction and lower rates of delinquency. Data were not collected and recorded at the time, however. Recording began in 1999 but coincided with a number of significant events: a more than three-fold increase in the client base; a series of senior management and other staffing changes; and, a “marked deepening of the national economic decline” which affected the viability of client enterprises. The dropout rate declined from 10.4 per cent of clients to 7.4 per cent in early 1999, then rose to 17 per cent before declining again in 2001. Delinquency rose from 3 per cent to 10 per cent before settling back to about 4 per cent over a two-and-a-half-year period. The study concluded that it was difficult to determine the impact of the training on the performance of the organization. Financial sustainability did increase in 2001, but that might be attributed partly to a 50 per cent increase in the client base over a single year and a rise in training fees to better reflect costs (*ibid*., pp. 18-22).

In addition to these focused studies, there is additional evidence that BDS provision may improve the financial viability and protect or increase the client base of credit providers. The linking of *Start and Improve Your Business* (SIYB) training with banks and microcredit institutions in Zimbabwe has had a positive impact on the latter’s profitability and arrears rate, according to credit providers (ILO, 2002). In another example, a review of 22 village banking institutions found that all three of those institutions that integrated finance and BDS performed better than the average in terms of administrative expense and salary expense ratios and two of the three performed better than the average on cost-per-borrower and staff productivity ratios (Dunford, 2001, p. 16).

In addition, the American NGO VITA initiated a linked activity inside Association Al Amana, an MFI in Morocco. The linkage first had negative effects on the MFI but these turned positive after programme delivery problems were resolved (TJP, 2003). After conducting a market study with Al Amana’s borrowers and detecting a high degree of willingness to pay for BDS services, Al Amana and VITA added training activity. This was done to give Al Amana a marketing advantage in the competitive Moroccan microcredit market.

This training was delivered through short training videos – clients were mostly illiterate – followed by discussions. The participation in the training was not a precondition to access credit. The cost was calculated at US$1 per training session with three training sessions for a group of 7-10 people. Over a two-year period, 1,535 participants were trained, representing 7.3 per cent of active credit clients. The training team believed that the impact of BDS was more effective than the credit. However, it proved difficult to produce new video materials. Furthermore some credit agents did not have the necessary skills or commitment to promote training. Al Amana realized that it had to invest more in the training of credit agents that were successfully marketing the training and to hire a senior staff member specialized in marketing training activities. All these factors led to low cost-recovery for the programme in the pilot phase. However, after gaining a better understanding of customer needs and by restructuring the marketing and delivery structures, the programme was re-tested in three branch offices and has now successfully trained another 600 participants. Al Amana management is expanding the programme to additional sites and investing in client needs assessments with the view of reaching self-sustainability of the training component in 2007.[13]

Many of the problems associated with linkage are related to poor administration or program design. The linked provision of training and credit by PRIDE in Guinea provides an interesting example (Kimball, 2001). The program provided credit linked to a compulsory training session each month, lasting two hours. One problem was that the training offered was not demand-oriented and became repetitive for repeat borrowers. To test demand, PRIDE made training non-compulsory in two field offices and saw attendance drop by 10 to 20 per cent. The training sessions might have reduced monitoring costs because loan officers could meet with borrowers at the monthly meeting. However, those borrowers most in need of monitoring tended to skip the training sessions and thus still required personal visits by the loan officers. PRIDE conducted time-use studies on its field staff and found that over 40 per cent of their time was used up in training activities. Furthermore, training added to administrative costs because building space was rented to accommodate the trainees.

One of the main pitfalls of compulsory linkages for financial institutions is that a client might not want both services, which could contribute to desertion in a competitive microfinance market. It can also leave the client with a bad image of the credit provider if he or she is obliged to take an unwanted service. This could damage the reputation and client base of the institution, ultimately affecting its cost structure. One of the main issues will continue to be the financial sustainability of these institutions. Many microfinance institutions are still struggling with sustainability and are reluctant to link to BDS because of the possible cost implications.

(c) Benefits and costs for BDS providers

Regarding BDS providers, our hypothesis is that they can expand their client base by linking with credit institutions, as the latter usually have much broader outreach. An additional benefit may arise if BDS providers refer their existing clients to finance providers and these clients, having been strengthened by credit, return to acquire additional BDS.

Our review of linked programs found, however, that BDS providers have seldom tried to link with financial institutions. The reasons for this are unclear but may include the fact that the BDS field is still relatively young and most providers are preoccupied with their own sustainability. BDS providers may also be serving a different of type enterprise than that serviced by microcredit providers. A study in 1995 of a MSE voucher scheme in Paraguay implemented by the Inter-American Development Bank showed that only a third of the enterprises that used BDS vouchers were clients of financial institutions (Goldmark, forthcoming). At the same time, many BDS providers may be unwilling to develop their own unified or parallel programs because the nature of credit (i.e. pursuing defaulters or delinquent borrowers) is very different from providing BDS. Furthermore, finance is regulated differently and more strictly than other services, which makes it difficult for BDS providers to develop unified structures.

Despite the difficulties, there are interesting cases of BDS providers that have taken the initiative to link up with micro-credit or help their clients to access small loans from banks. We highlight two cases: IDEPRO in Bolivia and the SIYB in Zimbabwe.

IDEPRO is an interesting case of a BDS provider that added microfinance. It started in 1991 as a BDS provider and today is the largest such provider in Bolivia. In the beginning, all services were heavily subsidized but the organization has gradually moved toward sustainability. Encouraged by donor interest and funding, IDEPRO joined the country's micro-credit boom of the 1990s by adding a loans programme and linking services within a unified structure. Following the trend, it later decided to create two departments and manage credit and BDS separately. Furthermore, after 2001 it segmented its credit clients into two groups. The first one (high performing clients) were transferred to a newly created non-bank financial institution, the *Fondo Financiero Privado Ecofuturo*, which it created with partner institutions. IDEPRO was required to retain the second group of clients who, during the economic crisis of the late 1990s, had failed to repay their loans and were blacklisted. Today, Ecofuturo and IDEPRO refer clients to each other. IDEPRO is also studying the possibility of using BDS to improve the enterprises of the blacklisted clients so that they can pay back their debts. This is an interesting case because it both highlights how a BDS supplier expanded its client base by adding micro-credit but at the same time moved from a unified to a parallel approach and then to a partner structure (with Ecofuturo).[14]

Some BDS providers realize that their clients lack access to finance and provide a link to financial institutions to overcome this barrier. In Zimbabwe, for example, the clients of several institutions that provided the management training package, Start and Improve Your Business (SIYB), complained that after learning how to write a business plan, it was difficult to access credit. The SIYB program developed a link with commercial banks and MFIs. The financial institutions encouraged clients or potential clients to take the management training. The Zimbabwean Credit Guarantee Company then bore a portion of the risk of the credit provided by the commercial banks. Hivos, a Dutch development NGO, subsidized part of the management training. An evaluation conducted after 18 months showed that out of 1,049 people who received management training, 290 submitted a business plan to a bank and 200 were offered loans. Some institutions experienced growth in repeat loans, which are cheaper to deliver and hence increase the profit of the financial institution. In some cases, the loan portfolio doubled (ILO, 2002).

Some organizations learned from the mistakes of older organizations and, from the start, established linked programmes with a clear separation between credit and BDS. A prime example is BASIX in India (Fisher & Sriram, 2002). It placed a livelihoods (sub-sector) approach at the centre of a voluntary linked programme that has included credit, market access, infrastructure rehabilitation, and entrepreneurship mentoring. Unlike older programmes, it has maintained a clear focus on financial sustainability and efficiency. Founded in 1996, BASIX is a holding company that consists of a non-bank financial institution, a not-for-profit company facilitating BDS, and a Local Area Bank. It provides both direct loans to producers as well as indirect loans to intermediaries who on-lend to their clients (farmers or farm-related entrepreneurs). Intermediaries include suppliers, wholesale merchants, agro-processing firms and other businesses. The not-for-profit company acts as a BDS facilitator by supplying new products to existing BDS suppliers. Much of BASIX's work takes place in rural areas, supporting households in agriculture and agro-processing. Unfortunately, data on enterprises impact could not be obtained.

5. CONCLUSIONS AND POLICY RECOMMENDATIONS

This review – which included 30 linkage programs – examined only a fraction of existing activities. The research shows that little has been done to conceptualize the linkages and develop good practice models. While the number of impact studies available is small, there is evidence that combined delivery does not only result in significantly higher income for the clients but that it may be possible to cover the cost of the BDS and credit from client fees. This suggests that the financial sustainability of linked approaches may not be as difficult to achieve as has often been assumed. Indeed, there are important synergies that can arise from linking services.

Central to the issue of effectiveness and sustainability is the question of how the linkage is executed. This involves two levels of analysis. The first is six-part typology combining voluntary or compulsory with unified, parallel or partner). The second issue is how the chosen linkage is administered.

(a) What type of linkage?

As a general rule, clients should have choice in their services. They can best assess their needs, in line with their capacity to pay, planned activities, abilities and sub-sector. In short, choice allows services to respond to the heterogeneity of enterprise needs. Even for a client who wants two or more services, a voluntary approach allows for the choice of separate services at the time appropriate. In making choices and paying for services, MSEs signal to providers which services are relevant and useful. Thus, the three voluntary linkages in Table 2 are preferred over the three compulsory ones.

Compulsory linkages can result in unnecessary costs for clients who desire only one of the services. In addition, such linkages result in the loss by the service provider of important information concerning the quality of, and the demand for, the service.[15] An exception may be made for first time or inexperienced borrowers; there may be some intrinsic value in combining finance with initial low-intensity training, advice, or other services. Such a package would ensure that clients have a basic understanding of the use of credit and their plans as entrepreneurs. The successful cases of these compulsory service packages have incorporated BDS in credit repayment sessions to keep costs low for providers and clients.

Many of the problems with joint provision have arisen in regard to the unified options. These options are not inherently flawed but they do tend to generate problems if credit officers are given the *added* task of BDS provision for which they have neither the time nor the expertise. In addition, it is difficult for MFIs to properly cost the BDS services that they decide to add. Thus, existing MFIs seeking to add BDS are best advised to avoid a unified approach. Small MFIs should avoid adding BDS themselves and opt for some type of partner arrangement. Larger organizations that are adding BDS are better placed to add specialized staff.

Whether to adopt a parallel or partner format will be determined by the existing environment of providers. An MFI does not need to add BDS if there are existing business service providers to which credit clients can be directed. In the absence of BDS providers in the market, the MFI may have no option but to set up its own (parallel) department. However, if a credit provider wishes to expand its activities (and generate more profit) it may decide to add BDS using a parallel approach. In this case, it is doing so for commercial reasons and should undertake a sober assessment of its capacities and future competition. Linking to BDS, in either a parallel or partner format may be desirable if an MFI is seeking to secure larger enterprises as clients or to retain better clients who have outgrown micro loans. The linkage also allows the MFI to gain access to information about a client's business that can be used to better assess credit risk.

In summary, service providers should:

- ❖ opt for voluntary over compulsory;
- ❖ opt for unified solutions only if the staff can handle it efficiently; and
- ❖ opt for partner over parallel, if existing providers already exist.

There is no definitive answer to the question: what type of linkage? There are only suitable options for given circumstances.

(b) Suggestions for effective linkages

In addition to the design of the linkage, the review of programs suggests that practitioners and donors need to keep in mind the following issues:

Assess your market: Know the existing supply and demand of services, including indigenous and informal forms of delivery of both finance and BDS. Finding out what clients can already obtain and what they need is a key element of keeping providers relevant.

Link up after developing a core competency: Enterprise development institutions with a broad mandate find it difficult to develop a core competency and become sustainable. In short: 'have a broad vision but a narrow specialization'.

Assess (and re-assess) the benefits of linkage. Providers should not merely accept or reject the option of offering BDS and finance, or of linking with other service providers. Instead they should carefully assess the benefits (and risks) to their organizations, keeping in mind the outreach and developmental objectives.

Be client driven: Providers should respond to the market signals from their clients regarding service choice, quality, flexibility, pricing, delivery channels, etc. This will assist their clients and ensure their own sustainability.

Use credit as a first service: Successful organizations use credit is a good entry point to gain clients. Once the client has experienced the usefulness of credit s/he may be open to other services. BDS are usually much less "tangible" than credit and therefore the demand may need to be cultivated.

Adapt to local subsectors: Providers can understand and provide support to specific subsectors. Producers usually have different needs than traders; retailers operate differently than wholesalers. Some subsectors, such as agro-processing, are seasonal, while in others production and demand may fluctuate less during the year.

The examples in this study are mostly related to micro-enterprises. However, providers need to be conscious of the changing nature of their clients. As part-time income-earning opportunities develop into *bona fide* micro-enterprises and as micro firms become small firms, they are likely to require a new mix and range of both financial and non-financial services. Larger loan sizes and new modalities may need to be offered to encourage the expansion of enterprises to fill the "missing middle" in the enterprise size structure of developing countries. Issues such as leasing and embedded services provided through suppliers may become more relevant. The range of BDS may broaden with the addition of components such as advice on technologies and productivity, standards, telecommunications, marketing and leasing, as well as the embedded services provider by product and machinery suppliers. The synergies that result from linking effective services for enterprise development can thus contribute – not only to micro and small enterprise development – but also to broader structural change in the economies of developing countries.

NOTES

[1] The CGAP III strategy indicates that research will be undertaken to study the possibilities of linking (CGAP, 2003). In addition, several training courses and conferences have taken up the theme. The Micro Finance Centre, based in Warsaw, Poland, hosted a conference in Moscow in 2003 that dealt partly with the issue. Papers presented at the recent Microcredit+5 Summit suggest that MFIs are interested in new products and that the combination of credit and educational services, including BDS, can be an effective tool for fighting poverty.

[2] The approach also applies market development principles to areas of activity not traditionally seen as 'market' sectors such as health and education.

[3] However, Dunford (2001) advocates linking credit to educational and health services, not necessarily BDS. The categories are also used by Stack (2002), also with Freedom from Hunger, in referring to BDS. Freedom from Hunger (FFH) has developed a unique 'credit with education' methodology which follows a unified-compulsory approach. Most clients are poor rural women. The education includes hygiene, HIV/AIDS, literacy and also some financial literacy, notably on income-generation activities. Clients pay for the training through the interest on their loans. FFH argues that clients are very satisfied with the training and that it is delivered in a cost-effective manner for both the institution and the client. The institution uses the same staff to provide training and disburse the loans, thereby achieving economies of scale and scope. Training is provided when clients gather for weekly loan repayment meetings and therefore do not incur additional transaction costs (i.e. travel) (Dunn, 2002, 2).

[4] For clarity, we use 'partner' instead of Dunford's 'linking' for this third category. Thus, 'linking' and 'linkage', as used in this paper, are more general terms denoting all types of combinations.

[5] Practitioners may occasionally resort to rather bizarre methods to compensate for irrelevant and poor quality training. On reviewer of this paper recounted an experience involving a compulsory credit and training program in Honduras 20 years ago. The training director noted that participants were falling asleep during training sessions. When asked by the reviewer what she did in response, she said she gave each of them a strong cup of coffee when they entered the training room!

[6] FIE was divided into a regulated financial institution (FFP FIE) and a non-governmental organization (FIE). The latter has recently stopped providing non-financial services.

[7] However, here the problem remained that bank credit was not accessible to most SIYB clients – due to a lack of collateral.

[8] The success of a credit scheme (be it stand-alone or linked with BDS) may depend on whether the loan is used for its intended purpose of micro-enterprise activity or whether it is diverted to consumption and related expenses (including health care, schools fees, funeral costs and are expenses arising from distress due to drought, flooding, crop infestation, etc.). We have assumed that such diversion would affect linked and non-linked credit recipients

equally and therefore would not bias the results of the comparative evaluations that are reviewed in this section.

[9] Nisttahusz is Director of CIPAME, a Bolivian association of enterprise service providers.

[10] Halder is BRAC's Senior Research Economist, Research and Evaluation Division.

[11] Interview, Aldo Mongilardi, Human Resource Manager for Financiera Solución (FS), April 2003. In 2006, FS was brought by Banco de Credito de Peru which now operates a microenterprsie department (formerly FS) that provides training to its best clients in collaboration with Universidad de Pacafico.

[12] Activities involve not only management training but also consulting, information and market access services, marketing and financial management.

[13] Information obtained from correspondence with Maarouf Mohammed, Director Studies and Development, Association of Al Amana, and from the Final Report submitted by VITA to USAID (TJP, 2003).

[14] Interview, Roberto Casanovas, Director of IDEPRO, May 2003.

[15] This problem can, however, be avoided by conducting client satisfaction surveys (as used by Freedom From Hunger).

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APPENDIX A: LIST OF LINKED PROGRAMS REVIEWED

Acronym	Name	Country
ADA-CEREM	Appui au Développement Autonome-Centre for Research and Documentation on Microfinance Youth Project	Luxembourg Mali
ADEMCOL	Asociación para el Desarrollo Microempresarial Colombiano	Colombia
BASIX	BASIX group of companies engaged in investment and consulting	India
BRAC	Bangladesh Rural Advancement Committee	Bangladesh
CARE	CARE Bosnia Credit and Market Access components	Bosnia-Herzegovina
Crecer	Crédito con Educación Rural	Bolivia
EDA	Economic Development Agency – Banja Luka	Bosnia-Herzegovina
FFH	Freedom From Hunger, Worldwide	U.S., various developing countries
FIE-FFP	Fomento a Iniciativas Económicas -- Fondo Financiero Privado	Bolivia
FINCA	Foundation for International Community Assistance	Peru
FS	Financiera Solución	Peru
FC	Fundación Carvajal	Colombia
FMSD	Fundación Mario Santo Domingo	Colombia
IDEPRO	Instituto de Promoción de la Pequeña Unidad Productiva	Bolivia
ISSIA	Initiative of Small Scale Industrialists Rural Saving and Credit Ltd.	Uganda
Khyder	Bank of Khyder	Pakistan
LEDA	Local Economic Development Agency	Croatia
MEDF	Macedonian Enterprise Development Facility	Macedonia
MiBanco	MiBanco, a microenterprise bank	Peru
PADME	Projet d'Appui au Développement des Micro Entreprises	Benin
Papir	Project for Assistance to Micro- and Small Entrepreneurs	Mozambique
PRIDE	Promotion of Rural Initiatives and Development Enterprises	US, Kenya
PRIDE	Promotion of Rural Initiatives and Development Enterprises (GDREP)	Guinea
PE	Primero Emprego (youth employment program)	Brazil
ProMujer	Pro Mujer – Programs for Women	Bolivia
SACCO	Savings and Credit Cooperatives	Kenya
SEEDS	Sarvodaya Economic Enterprises Development Services	Sri Lanka
SIYB	Start and Improve Your Business, International Labour Office	Zimbabwe, South Africa
Swisscontact	Swisscontact Indonesia Linking BDS providers and Financial institutions	Indonesia
TJP	Al Amana Tkin Jdid (Arabic for 'new training') Programme	Morocco
VanCity	Van City Credit Union	Canada