

**“Business Development Services” and the Poverty Assessment Tools Project**  
**March 4, 2004**  
**2-4pm**

This meeting, hosted jointly by the SEEP Network and the IRIS Center, brought together those institutions and individuals involved in pro-poor private sector development to discuss the Developing Poverty Assessment Tools project and the implications it will have on their reporting requirements to USAID in the future. Once participants were brought up to date on recently legislated requirements concerning the use of poverty assessment tools (for more information, visit <http://www.povertytools.org>), discussion turned to how these tools could be developed in such a way that these programs would find the tools relevant, relatively easy to use, and manageable.

There were several topics that came to the forefront as outstanding issues requiring exploration in order to better develop the tools. They involve understanding:

- *The relationship between the recipient of USAID funds, facilitators, and end-users*

It was recognized that it is possible for USAID grantees or contractors to have either direct or indirect relationships with the end-users (e.g., microentrepreneurs, small rural farmers, etc.). That relationship may affect the type of data collection and who ultimately should be responsible for this. Data collection may also be affected by the relationship the microenterprise has with other businesses in the marketing chain.

- *Existing data collection*

Pro-poor private sector development programs currently engage in a range of data collection, including market research and client information gathering. It will be necessary to further understand how and when such data is gathered, and by whom, in order to understand how the poverty assessment tools might be incorporated into that process.

- *The timing of potential data collection in regards to the point at which the end-user receives a service*

Existing data collection mechanisms generally gather information well before any interventions are offered (e.g., during market research) or well after the intervention (e.g., in a follow-up evaluation), whereas data collection for poverty assessment is intended to measure the poverty of clients at the time of service delivery. BDS providers also conduct periodic monitoring for USAID reporting and project management and we need to further clarify what types of data are collected at this stage. When data collection occurs will be crucial in understanding the potential for misreporting or manipulation of the poverty level of clients and should be assessed when exploring how existing data collection can be utilized for the poverty assessment tools.

- *The potential role of private sector service providers in data collection*

Facilitators used in the process of pro-poor private sector development may be utilized to implement the poverty assessment tools, especially in cases where they have a more

direct relationship with the end-user. Even if they do not have a direct relationship with clients, facilitators know who they are and could collect data.

- *Current research into indicators and impact assessments useful to pro-poor private sector development*

Current research being conducted by Don Snodgrass and Jennefer Sebstad, including the compilation of existing evaluations of these types of programs, should be investigated for further information about useful indicators, data collection systems, household vs. enterprise level data, and other areas.

- *Incentives for accurate data collection*

Private sector service providers may need different incentives to encourage accurate data collection. In addition, incentives may need to be identified for clients who have little or no long-term relationship with implementing agencies and who may be reluctant to provide detailed household information. More research will be needed on the potential for private sector service providers to collect data.

- *Household v. enterprise level data*

It was discussed that the legislation required household, rather than enterprise, level data. This will be an important consideration for private sector development programs that often interact only at the enterprise level. Further research is needed into the points of interaction with end-clients and the opportunities for household-level data collection.

## **Next Steps**

- Conduct one-on-one interviews with BDS providers to further investigate data collection systems, indicators currently in use, the role of private sector partners and other areas.
- Investigate on-going research being conducted by Don Snodgrass and Jennefer Sebstad.
- Draft notes on preliminary findings and distribute to USAID, the SEEP BDS Working Group, and the Poverty Tools listserv.