



7 Business development services

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Business development services (BDS⁴⁹) encompass non-financial forms of support that enable business start-up, development and expansion. Enterprise development training tools, including the Start and Improve Your Business (SIYB⁵⁰) programme, help small-scale entrepreneurs generate business ideas, prepare a business plan and understand administrative, management and formalization processes. Other tailored BDS training addresses the capacity and resources of specific sub-groups of entrepreneurs, including those exploring entrepreneurship as a career path, women and men operating micro and small businesses, and those wishing to expand existing businesses.⁵¹ An overview of the main ILO enterprise programmes that have been used in PROSPECTS is provided below:

Core BDS training tools	Description
<i>Start and Improve Your Business (SIYB)</i> Generate Your Business Idea (GYBI) Start Your Business (SYB) Improve Your Business (IYB) – including the Digitalize Your Business (DYB) module Expand Your Business (EYB)	Ten training modules, designed to help small-scale entrepreneurs at different stages of business maturity to generate business ideas and scale up existing ones to enhance their business management. They include a new module in the IYB package to support existing businesses in using digital solutions to reach markets and improve business operations.
<i>GET Ahead training (Gender and Entrepreneurship Together)</i>	Focuses on women and men with basic literacy and numeracy skills who are interested in or already operating micro or small businesses.
<i>Sustaining Competitive and Responsible Enterprises (SCORE)</i>	Aimed at SMEs that could benefit from industrial modernization.

In contexts of forced displacement, different types of refugee and host community entrepreneurs pursue business development as a means to sustain a livelihood in environments where markets are scarce and job opportunities are limited. Refugees, in particular, frequently encounter distinct and heightened obstacles to accessing wage employment in their host country. These obstacles include legal restrictions on the types of occupations and sectors non-nationals can access; complicated work-permit and business registration procedures; and limits on freedom of movement. Entrepreneurship provides a viable livelihoods pathway in light of such obstacles and an opportunity to contribute to local communities. Indeed, a recent ILO study, based on data from 99 countries, highlighted the significant role, in this regard, of self-employed entrepreneurs, as well as micro and small businesses (including those in the informal sector), which contribute to approximately 70 per cent of total employment in developing countries.⁵² However, refugees and host community entrepreneurs also encounter multifaceted challenges when starting and sustaining a business in fragile settings and contexts of marginalization. According to survey results from PROSPECTS Iraq, self-employed refugee and host community members who went through BDS and/or financial education reported currency and price fluctuations, lack of adequate capital and increased production costs as leading challenges they faced in starting and expanding businesses.⁵³

The ILO's wider approach to BDS is to build the capacity of business development service providers and networks of trainers to serve entrepreneurs in their communities.⁵⁴ The organization's enterprise training tools, including those listed in the table above, are adapted to country contexts and target areas. This helps

49 "Business Development Services include training, consultancy and advisory services, marketing assistance, information, technology development and transfer, and business linkage promotion." Committee of Donor Agencies for Small Enterprise Development, *Business Development Services for Small Enterprises. Guiding Principles for Donor Intervention*, 2001, 1.

50 For more information on SIYB, see www.ilo.org/siyb.

51 Cooperatives are a type of enterprise that reflect values of self-help, democracy, equality, equity and solidarity. A set of training tools is established to help cooperative development. These sets of tools are covered in greater detail in the chapter on cooperatives and the wider social solidarity economy.

52 ILO, *Small Matters: Global Evidence on the Contribution to Employment by the Self-Employed, Micro-Enterprises and SMEs*, 2019.

53 ILO PROSPECTS Iraq, "Impact of Training and Financial Services on Beneficiaries: Rapid Tracer Study", 2023 (unpublished).

54 ILO, *What Works for Sustainability in Entrepreneurship Training Delivery? A Guide for Practitioners Based on Lessons from ILO's SIYB Programme*, 2021.

mould the content and training methods so that they are relevant and responsive to entrepreneurs' needs. These tools are also institutionalized at the country and/or community level, so that they can continue to be used after the project exits. This entails building the capacity of public and private business development service providers so that they can administer the training independently and embed it into their institutional mandate or business models. This chapter details a number of approaches identified across PROSPECTS to strengthen and operationalize BDS in order to support refugee and host community entrepreneurs.

► 7.1 Description and key approaches

PROSPECTS programming supported BDS providers and trainers to expand training and services to refugee and host community entrepreneurs. It also supported the development of BDS services within institutions already serving PROSPECTS target groups. Capacities were built in partnership with agencies capable of creating a multiplier effect among their members, such as federations of small and medium-sized enterprises (FSME) – as in Uganda and Egypt – and chambers of commerce and industry – as in Jordan and Iraq, respectively. The programme also worked with BDS trainers to establish and strengthen networks of BDS providers, including refugees. Training requests are received via the network of trainers and are overseen and managed by BDS. Working through local or community-based organizations, the programme built up local capacity to provide BDS. This approach enabled refugee and youth-led organizations to better serve their communities. In addition, it strengthened the capacities of government entities on BDS, so that such services could be operationalized nationally. Two case studies in this chapter – one from Egypt, involving the development and implementation of the DYB training tool, and the other from Uganda, involving a partnership with a refugee youth-led organization (RYLO) – illustrate the impact of these efforts.

1. Expanding BDS through membership-based organizations

In Uganda, PROSPECTS partnered with the Federation of MSMEs to expand BDS offerings in refugee-hosting areas. This tied in with efforts to promote membership of associations, particularly among rural populations. In Jordan, the project helped the Chamber of Industry (JCI) extend its services to MSMEs using SCORE training. In Iraq, the programme worked to institutionalize SIYB in the Chamber of Industry and then went on to train existing members on the IYB module. Membership-based associations were highly familiar with aspects of the local business environment, including business regulation and processes related to MSMEs and formalization. For refugee entrepreneurs, membership-based associations also provided an opportunity to build networks with other businesses.

In Jordan, before the JCI was certified to deliver SCORE training, the chamber's reach was largely restricted to serving larger industrial firms, despite the fact that more than 99 per cent of registered businesses in Jordan were MSMEs. While refugees were not among JCI members, they did comprise a considerable share of employees, while also serving as a customer base. In Uganda, the Federation of MSMEs was largely absent in refugee-hosting districts, despite the presence there of large numbers of informal refugee and host community MSMEs.

An early programme intervention in 2019 involved training a cohort of Ugandan trainers on SIYB in the areas where PROSPECTS planned to operate. The aim of this was to expand training to both refugees and host community members in Isingiro and West Nile. However, soon after PROSPECTS launched, the COVID-19 pandemic emerged, triggering lockdown measures and supply-chain disruptions. These shocks threatened small businesses in particular, as they lacked resources to mitigate and adapt to the effects. The programme shifted focus from business development to business continuity and job retention among existing microenterprises. The programme partnered with the Ugandan FSME to deliver cash grants and training to refugee and host community MSMEs. The cash injections into existing refugee and host community microbusinesses helped them maintain business operations during periods of lockdown,

as well as to adopt the governmental safety and health measures that were required to stay open. As the pandemic eased, a diagnostic exercise was undertaken with stakeholders, including the Office of the Prime Minister and the FSME, to assess enterprise needs. It recommended follow-up measures to support formalization, highlighting how crisis has a more severe impact on informal MSMEs, which don't have access to the government support and financial products available to registered businesses.

While financial support is typically provided *after* BDS training, in the context of the pandemic, the microenterprises in Uganda received cash grants at the outset, so they could maintain their businesses, while also building capacity in terms of business continuity. The cash injection also provided an entry point to support their formalization with the FSME. Further government-issued COVID-19 financial support for businesses was only made available to formally registered businesses, thereby increasing the incentive to move towards formalization.

As well as the FSME, the programme team partnered with the Uganda Women Entrepreneurs Association Limited (UWEAL) to roll out SIYB and GET Ahead training in the Rhino and Nakivale settlements. Like the FSME, UWEAL is a membership-based organization, representing some 80,000 female-owned small, medium and large businesses in Uganda. The refugee and host community female entrepreneurs who were supported by UWEAL under PROSPECTS were also registered as members, so they were able to avail of a support structure and network in the long term.

In Jordan, the programme built on its long-standing partnership with the JCI to adapt and expand its services to MSMEs, taking a sector approach to target a small number of MSMEs in the agri-foods sub-sector. Refugee-owned businesses in the country were limited, owing to restrictions on registration of businesses by non-nationals⁵⁵ – JCI members that *were* non-nationals were large firms. PROSPECTS targeted firms in the agri-food sector because it was relevant to the JCI and included refugees as both employees and customers. PROSPECTS added targeting and selection criteria, requiring participating MSMEs to employ or serve refugees.

To improve productivity, competitiveness and working conditions among agri-food MSMEs in Jordan, 15 selected firms underwent a capacity and needs assessment. Each benefited from grants and coaching that addressed three key areas identified in the assessment, namely machinery, marketing and product certification. After adapting the SCORE tool, JCI staff and five national consultants associated with JCI were trained as SCORE trainers. This was the first SCORE training delivered under PROSPECTS. The training of trainers involved classroom training and practical application of skills to advise the targeted MSMEs, with oversight by an international consultant. JCI and the programme team developed a sustainability strategy from the outset, the idea being to form a committee within the JCI, referred to as the “productivity improvement committee”. It involved the trainers who had been trained, with a view to keeping them engaged in the SCORE methodology and promoting further institutionalization of the tool.

2. Supporting networks of BDS providers

In Ethiopia and Uganda, well-established trainers and master trainers came together to form networks, so that they could better organize and respond to BDS training requests. In Uganda, this arrangement predated PROSPECTS and was developed under two separate ILO projects targeting youth entrepreneurship and female economic empowerment.⁵⁶ The model served as an inspiration for PROSPECTS Ethiopia, which drew on the network and youth fund to support business development in refugee-hosting areas. In Uganda, the Business Development Service Providers' Network (BDSPN) was established in 2015, based on the idea that, instead of competing for work, certified trainers could bid for training consultancy as an association. Prospective clients, including the ILO, had a single contact point for training, rather than having to contract multiple master trainers and trainers. There were also built-in

⁵⁵ In Jordan, regulations require businesses to be majority owned by Jordanian business partners. Some exceptions have been granted for refugees to run home-based businesses, which could be formally registered. De facto barriers, such as property ownership or proof of approval from the property owner, limited the impact of this exception.

⁵⁶ In Uganda, the Business Development Service Providers' Network was supported by the ILO as part of two projects: Youth Entrepreneurship Facility (2014–2016), funded by the European Commission, and Women Entrepreneurship Development and Economic Empowerment (2014–2015), funded by Irish Aid.

oversight mechanisms within BDSPN for quality control, contracting and administration. Once trainers are certified as BDS trainers in Uganda, they can join the network, which has grown under PROSPECTS to include refugee trainers within settlements and surrounding districts.

Also in Uganda, ILO PROSPECTS supported the training and certification of refugee trainers, who could more easily serve refugee settlements. BDSPN serviced a contract to work in Nakivale and West Nile and build the capacity of 40 refugee trainers in SIYB and GET Ahead. The refugee-led organizations (RLO) Unleashed and Stand for Change and Unity – see subsection 3 and 4 below – had their founders certified as SIYB trainers by BDSPN.

In Ethiopia, BDS providers were inspired by the Uganda model and formed an association of certified ILO SIYB and GET Ahead trainers and master trainers. The association handles training requests and disseminates the opportunities through their network of trainers. As a self-sustaining structure, it charges clients for training. The association manages the workload and facilitates additional knowledge-sharing and learning opportunities among trainers. In subsequent years of the PROSPECTS programme, the ILO worked with the network to expand SIYB and GET Ahead training.

The pooling of expertise into a network meant that certified trainers were easier to find and contract, and quality was assured thanks to the collective nature of the undertaking. Trainers were concerned not only with the quality of the training they provided but also with how the training reflected on the BDSPN as a whole. Master trainers in BDS networks were able to certify other trainers using ILO tools, extending the reach of ILO-certified training.

3. Partnering with refugee-led organizations to expand BDS

Community-based organizations (CBO) were also instrumental in PROSPECTS countries to provide BDS for refugees and host community entrepreneurs. These included CBOs that were both refugee and youth-led (RYLOs). Because these organizations were made up of members of the PROSPECTS target group, they were particularly instrumental in adapting the training content and methods of delivery, as well as in reaching and mobilizing the target group. The leaders of Unleashed and Stand for Change and Unity, both of which are refugee youth-led organizations in Uganda, were trained in SIYB and GET Ahead, and later became trainers. In Ethiopia, through a Youth-to-Youth Fund, youth-led organizations were supported to address challenges faced by their communities. One of these organizations, Safe Light Initiative, provided entrepreneurship, employability and leadership training to young people in its community. Through PROSPECTS, it successfully applied for a US\$10,000 competitive grant, which it used to scale up BDS within the organization and help young refugee entrepreneurs start new businesses or improve existing ones.

In both Uganda and Ethiopia, refugee youth-led organizations were already established and providing services to young people in their community. In the case of Unleashed, two brothers from a refugee background started an initiative to help fellow young refugees living in the Nakivale settlement develop business ideas and produce prototypes. Another RYLO in Uganda, Stand for Change and Unity (SCU), was supported to extend SIYB to young refugees in its community. Initially, SCU had provided English-language classes to refugees from Francophone and Swahili-speaking countries and regions. Over time, it realized there was a desire among young people to start their own enterprises; subsequently, it started to deliver training in entrepreneurship and ICT. PROSPECTS supported the training of SCU leaders as SIYB trainers, so that they could enhance both the quality and reach of their BDS.

The RYLOs were partners in the joint efforts by the ILO and UNICEF to merge their respective models of support for young entrepreneurs. Building on a social entrepreneurship education programme run by UNICEF, the RYLOs supported both organizations in integrating SIYB, focusing on the modules for starting up businesses. What became known as integrated UPSHIFT (i-UPSHIFT) supported young entrepreneurs in the Nakivale and Rhino settlements to develop business ideas based on community needs. While RYLOs did require greater oversight and guidance in terms of contracting and administrative processes (for example, invoicing and record-keeping), being given this opportunity by the programme meant it was also able to build additional capacity to bid for and implement other donor-funded projects in the future.

In Ethiopia, PROSPECTS developed and operationalized a grant scheme for youth-led initiatives called the Youth-to-Youth Fund. The model is part of a global investment programme that aims to support economic development through youth-led initiatives. The Fund accompanies young people as they analyse challenges in their communities related to employment. A grant competition screens youth-led proposals that address challenges in innovative ways. The Youth-to-Youth fund supported ten youth-led organizations in Ethiopia to develop and/or scale up initiatives that supported young people in their communities with employment and business development. Through this support, the organizations reached 1,000 aspiring entrepreneurs, helping them start and/or improve their businesses. An initiative led by the Hansoor Youth Organization set up a garment centre in the Kebribeyah settlement, where young people could receive vocational training. In collaboration with the regional government, SIYB training was also provided for 30 young people, together with seed funding to start their businesses with the support of Hansoor. The Safe Light Initiative, led by young host community members, provided start-ups and SMEs with training, access to finance, shared office space and internet connection. It worked with PROSPECTS through the Opportunity Fund to better engage refugee youth in their community. Operating from Addis Ababa, the Initiative also advocated for an inclusive business start-up policy in Ethiopia.

In Uganda, RYLOs were trained and certified as SIYB trainers, so that they could use SIYB to expand BDS. In Uganda, one of the key adaptations to the SIYB modules was to address people with low levels of literacy and numeracy. This was achieved by simplifying the tools, using more graphics and pictures, and relying on games. The RYLOs in Uganda also supported Village Savings and Loans Associations (VSLAs) to help young people in their communities build savings, while, in Ethiopia, the Safe Light Initiative facilitated access to finance for those without collateral, in partnership with the Synergy Youth Investment Group (SYIG). SYIG provided loans to cooperatives without collateral but, by negotiating, the Safe Light Initiative and PROSPECTS managed to get the Group to expand its interest-free loans to SIYB training graduates.

4. Institutionalizing BDS

Given the wide reach of the ILO business management training programme, there were, in a number of PROSPECTS countries, already institutions that had adopted the ILO's enterprise training methods. This was the case with the BDSPN in Uganda, for example. In other contexts, where ILO training tools had not yet been institutionalized, greater emphasis was placed on building a network of trainers through government institutions.

In Iraq, PROSPECTS collaborated with the Ministry of Labour and Social Affairs (MOLSA) to train staff on SIYB and facilitate its expansion through MOLSA's vocational training centres. These centres were dispersed across the country, thus providing a foundation on which to build. While this expansion of MOLSA services through SIYB started in the Kurdistan region, which is home to the largest number of refugees, the Federal Government requested that staff be trained to expand the model nationally. Because this was outside PROSPECTS' geographical area of focus, the programme sought donor approval, which was granted as a measure to support wider national capacity-building efforts. The SIYB programme was thus expanded to include 14 national trainers from various vocational training centres across Iraq.

In Lebanon, PROSPECTS supported employment and business development in the agriculture sector, in partnership with the Ministry of Agriculture (MOA). Recognizing the seasonal needs of and specific risks faced by agricultural businesses, PROSPECTS Lebanon worked with the MOA to adapt IYB material to the agriculture business. Improve Your Agriculture Business (IYAB) was rolled out among a cohort of existing agricultural businesses, mainly farmers and agriculture input suppliers. Extension officers from the MOA were trained to deliver the training as part of their extension services. IYAB was accompanied by input vouchers for farmers provided through the UN Food and Agriculture Organization's farmer registry, which helps farmers and related agriculture businesses access materials during times of social, political and economic crisis. PROSPECTS later expanded the IYAB support to encompass a specific credit scheme for the agriculture sector. This is covered in greater detail in the chapter on financial inclusion.



► Digitalizing refugee and host community businesses in Egypt

Egypt's digital transformation was accelerated by the COVID-19 pandemic, which forced the introduction of new services and business opportunities through e-commerce, digital services and platform work. These aligned with national initiatives such as Egypt Vision 2030. However, micro and small enterprises, including those run by refugees, faced barriers in fully availing of the benefits of the digital transformation. This was partly because of connectivity issues, lack of formal registration and low levels of digital literacy. To address these issues, PROSPECTS Egypt developed a complementary training tool to the SIYB core package. This included practical guidance on the digitalization of business processes and operations, including the use of e-commerce to sell products and/or services online. This was later adapted in Uganda and reformulated in Kenya to address issues related to data privacy and security.

DYB in Egypt covered the basic requirements and main steps for getting existing or future businesses online through three core modules:

- Developing an online presence
- E-commerce
- Digitizing business processes.

DYB targeted micro, small and medium-sized enterprises. Refugee and host community entrepreneurs who wished to participate were expected to have basic computer skills and be familiar with internet usage.

DYB was rolled out in Damietta, Greater Cairo and Alexandria, starting with a needs assessment and market research. These processes helped identify opportunities for digital adaptation in MSMEs. The training itself was accompanied by legal counselling, coaching, networking and specific technical guidance relating to the sector or area of business operation. The training also referred participants to additional social, health and livelihood services outside of PROSPECTS, facilitated by partnering INGOs.

While the programme wanted to make sure at least 30 per cent of its beneficiaries were refugee entrepreneurs, the practical barriers faced by the latter necessitated a more proactive approach. Generally speaking, Egyptian-run enterprises were more exposed to digitalization than those run by refugees. The latter also faced different vulnerabilities due to their inability to register businesses formally. In this respect, trainers had to cater to the different needs of the participating enterprises, highlighting the importance of dedicated business coaches and different follow-up support, such as legal counselling.

The relevance of DYB in refugee-hosting contexts was highlighted by the fact that the programme in Uganda adapted the tool and built on training it had delivered in 2023, called Digital Tools for Business Growth. Two SIYB master trainers were trained on the adapted DYB tool and went on to train 20 DYB trainers in PROSPECTS target locations. The programme in Kenya also made its own adaptation, drawing on content that highlights data protection and digital risks. ■

► Entrepreneurship training combined with support for youth employment in Uganda

Unleashed is a refugee youth-led organization (RYLO) in Uganda formed by two brothers from the Democratic Republic of the Congo. As a result of conflict in their home country, the brothers relocated to the Nakivale refugee settlement in the Isingiro district of Uganda. They started Unleashed in response to the sense of desperation felt by young refugees who lacked real prospects for the future in the refugee settlement.

Unleashed began developing a BDS training curriculum for young people, to support the generation of business ideas that addressed challenges faced by Nakivale residents. They first interacted with PROSPECTS during an SIYB training-of-trainers session targeting the development of refugee trainers. The two Unleashed founders ultimately became certified as master trainers. They subsequently joined the BDSPN, which gave them access to a wider range of training opportunities. They used the SIYB materials to enrich their own BDS offerings in Nakivale and upgrade the skills of refugee trainers.

The Unleashed master trainers later used their experience and knowledge to help the ILO and UNICEF integrate the former's SIYB curriculum into a social enterprise programme run by the latter. Through their participation in the joint ILO-UNICEF programme, known as integrated UPSHIFT (i-UPSHIFT), the Unleashed leaders developed modules called U-Ideate, to generate business ideas; U-Accelerate, to formalize businesses; U-Love, for digital entrepreneurs; and U-Leadies, which was designed as a stand-alone programme for women. They were ultimately contracted by the ILO to implement i-UPSHIFT in Nakivale, which provided them with practical experience in project design, implementation and administration.

In addition, the Unleashed leaders were trained under the ILO Global Programme on Financial Education, incorporating what they learned into their service offerings. They were further trained and certified as master trainers as part of the ILO programme Promoting Social Cohesion for Peaceful Co-existence through TVET. They used the master-trainer status to train local leaders, CBOs and young people in methods to facilitate social cohesion in training processes. They did so by targeting local football clubs in the Nakivale settlement, which were already bringing young people from different backgrounds together.

Working with PROSPECTS gave Unleashed further opportunities to enhance BDS and community services within the refugee settlement. This included practical experience as an implementing partner of the ILO. Unleashed leveraged resources and complementary work from numerous sources to augment its own BDS, as a business. For example, the organization runs a computer lab funded by the UNICEF social innovation programme, which it put to use in the ILO's digital skills training. Its lab is also used as a space for other INGO and UN programming, as refugees within the settlement lack reliable internet access.

Unleashed is an example of how an extremely motivated community-based organization can drive responsive programming. The BDS training curriculum was developed and adapted gradually, as the organization interacted with more young, aspiring entrepreneurs and became increasingly aware of gaps in services (such as financial services). The BDS model it has created is currently reliant on donors, although Unleashed does generate a small amount of revenue by charging fees for the use of computer labs. Its main client base comprises refugee entrepreneurs, who are largely unable to contribute financially to the services and so would depend on external financing in the long term. Moreover, the organization operates in a relatively closed economy, meaning the extent to which the enterprises they support can be scaled up is limited. Despite these challenges, the model provides intangible benefits, serving as an example for aspiring young entrepreneurs in refugee settings. It also demonstrates a model where refugee leaders were positioned as equal partners in programming. They were not only programme recipients, but involved in the design of project activities. They identified needs, led adaptation of tools and trainings and were instrumental in scaling up trainings through training of master trainers in their community. ■

► 7.2 Narrative and lessons learned

Operational lessons learned

A number of insights has been gathered from the experience of PROSPECTS teams in BDS. The following lessons cut across country experiences and offer insight into how BDS programming can be executed in forced displacement settings.

Limitations to expanding BDS in contexts of forced displacement

Programme teams engaged different types of partners to roll out and extend BDS. All shared the common approach of embedding and institutionalizing tools within partner organizations so that they could be applied continuously, independent of the ILO. This is in line with the ILO's wider approach to entrepreneurship to ensure sustainability and scale. It is important to highlight that, in some cases, the expansion of business services from national and regional institutions to refugees has been limited. This was often due to political constraints that restrict national actors from offering services to refugees, as well as limited capacity, including in terms of the number of trained facilitators and resources needed to reach remote areas.

In contexts of forced displacement, the incentive for institutions to continually serve refugee and displaced communities also needed to be considered. As mentioned, the remoteness of the areas where refugees and host communities reside was a factor, as was the ability of these communities to pay for BDS services. CBOs, such as Unleashed and SCU, were able to address the remoteness issue but still faced the challenge of the limited capacity of the populations they served to pay for their services. As highlighted above, these organizations relied on outside funding to provide BDS to members of their community, whereas other BDS providers – such as the BDSPN in Uganda – were able to charge fees, meaning their provision of services was less subject to the availability of external financing.

In many of the PROSPECTS operations, the delivery of services and training was outsourced to development actors, primarily INGOs, which had both the skills and capacity to reach and train refugees. However, the duration of these services for refugees and host communities was typically linked to the timelines and funding of implementation agreements with the ILO or subsequent donors. This creates significant challenges for long-term sustainability and achieving impact at scale.

Packaging non-financial and financial BDS

Because refugee and host community entrepreneurs face both financial and non-financial barriers to starting a business, several programme teams combined both financial and non-financial support. This also made the BDS training more attractive to entrepreneurs who were experiencing training fatigue in the face of an oversupply – particularly in areas with a larger presence of humanitarian and development partners – of skills training, BDS, financial education, social cohesion and other training offers. In Iraq, the programme team observed a trend whereby individuals were participating in training not to start or expand a business, but rather to occupy their time and benefit from daily allowances. To filter such participants out, BDS training was offered together with the provision of loan products as a follow-up, alongside financial education. The team found that by scheduling non-financial BDS training before the provision of financial services, those who intended starting a business ended up completing the training and accessing finance. The use of loans, rather than grants, also attracted entrepreneurs who were serious about investing in their own businesses and generating a viable business model.

Contextualizing and adapting BDS tools and approaches

Upon engaging at country level, the first task was to adapt BDS tools to make them relevant to the specific context. As a minimum, this involved translating them into the most commonly spoken languages, incorporating examples that held cultural relevance and aligning content with national legislative frameworks and policies (such as on business registration). Further adaptations were needed for application in specific sectors and settings, such as urban or in-camp settings, or the agriculture sector. A key adaptation made to all ILO enterprise training tools is for populations with limited literacy. In Sudan, for instance, an implementing partner supporting BDS estimated that as many as 25 per cent of trainees could not read and write, so the programme teams had to adapt the materials to feature less written content – by, for example, incorporating games and videos. This was also a key adaptation made by Unleashed in Uganda.

BDS tools were not only adapted but also had new modules and complementary guides added to increase their relevance and usefulness. These additions helped the programme tailor services to a specific theme or population groups. Based on the SIYB module, PROSPECTS in Lebanon adapted SIYB to the agriculture sector. Improve Your Agriculture Business training was offered alongside financial services to help farmers maintain their businesses in a crisis context. In Egypt, the team created the complementary SIYB training tool Digitalize Your Business, based on the emerging opportunities for MSMEs as part of Egypt's digital transformation. This particular case is interesting, because it was initiated by the programme team in Egypt but then adapted in Uganda and Kenya, with additional interest from Ethiopia. Each adaptation added components as the ILO became increasingly engaged in the digital space. For instance, as part of the latest adaptation in Kenya, modules were added on data privacy and digital risk. This shows nuance, not only in terms of the context where BDS tools were introduced but also PROSPECTS' experience supporting refugees and host community members in the digital economy.

Agility in responding to changing business needs and realities

In complex contexts, the reality faced by aspiring entrepreneurs and existing businesses can change rapidly. For example, in Lebanon, after the cumulative impacts of the Beirut blast, COVID-19 pandemic and currency crisis, the programme team shifted its approach from one focused on business start-ups to one that supported business continuity and job retention. The programme team developed a training and coaching programme around business continuity and resilience, to help business owners maintain operations and avoid laying off workers. In this case, cash grants became relevant for helping businesses cope. A similar change in approach was seen in Uganda, which partnered with the FSME as the pandemic hit and provided microenterprises with business grants to help them sustain business during periods of lockdown. Crises or economic downturns necessitate the adoption of more short-term approaches, such as one-off business grants. These can be accompanied by capacity-building and training, but the priority remains keeping the business open and individuals employed. Focus may also shift from encouraging aspiring entrepreneurs to keeping existing businesses alive.

The experience in Sudan, where SIYB training had also been initiated, demonstrated the connection to social enterprise development and cooperatives. As instability and civil conflict destabilized the business environment in the country, PROSPECTS supported the formation and strengthening of cooperatives. A similar focus was seen in Lebanon, where the programme team supported social solidarity initiatives amid the multiple crises. In both cases, such collective structures were able to pool resources and capacity to develop contextually relevant and socially driven business ideas. For instance, in Lebanon, the programme team supported a local initiative to create a common greenhouse space for farmers to grow seedlings. The initiative charged a small fee to farmers to use the space, which allowed it to cover basic costs while delivering a social good. Such cases are covered in greater detail in the chapter on cooperatives and the wider social solidarity economy.

An episode from the experience in Uganda also demonstrates how crisis can introduce opportunities for business formalization. During the pandemic, the government provided business grants but only to formally registered businesses. Consequently, small-business owners who had previously perceived business registration as a cost realized the benefits of formalization. Business grants were provided via the partnership with the FMSE, accompanied by awareness-raising regarding the benefits of joining business associations, particularly for entrepreneurs in rural areas, who may operate at a distance from markets and services. The PROSPECTS team took advantage of the window of opportunity the pandemic presented for formalization and created a training module, *Formalize Your Business*, in partnership with the International Training Centre. This focuses on helping businesses formalize through training and mentorship.

► 7.3 Sustainability

The ILO has identified the following three dimensions of sustainable training service delivery:⁵⁷

1. **institutional** – ensuring that training entities have sufficient management and human resource capacity to continue service provision after the project ends;
2. **technical** – maintaining and improving materials, competencies and quality;
3. **financial** – ensuring costs are covered or recovered in an ongoing manner.

The core concept of the SIYB programme, for instance, is to train and certify SIYB trainers within local public and private organizations, enabling them to take ownership of the training programme and deliver SIYB training and related services in a sustainable and inclusive way. In practice, many projects face challenges in promoting entrepreneurship training sustainably, owing to logistical and accessibility issues in remote areas, political restrictions preventing public actors from delivering services to refugees and/or limited budget and human resources to support service delivery in these regions. Additionally, pressure from donors pushes projects to prioritize reporting high numbers of beneficiaries trained over showcasing broader contributions to improving the overall business environment and livelihood opportunities for refugees. These challenges frequently result in projects outsourcing the implementation of BDS interventions to NGOs and similar organizations, which may not be able or willing to maintain these services without continuous funding. Consequently, significant time and resources are spent building the capacity of institutions that ultimately do not sustain entrepreneurship training efforts in the long term.

ILO guidance documents⁵⁸ and experience can help project managers plan for sustainability and create effective sustainability strategies from the start. Sustainable service delivery often relies on collaboration among various public and private organizations leveraging their strengths. This approach requires an understanding of not only local organizations' capacities but also the incentive structures that drive their behaviour. Recognizing these incentives is crucial to understanding organizational actions. Additionally, projects often need to engage with partner organizations beyond basic training to strengthen their capacity and incentives for sustainable service delivery. Moreover, the aforementioned guidance documents on suitability strategies highlight the importance of exploring new partnerships, including with private sector actors, who may have incentives to provide these services on a commercial basis, such as through buyer-supplier relationships with entrepreneurs (see the chapter on market systems).

⁵⁷ ILO, 2021.

⁵⁸ ILO, 2021.

Working with established networks of trainers, as was the case with BDSPN in Uganda, provided a management and oversight structure to training that was owned by country-based service providers. Each network also included master trainers, which allowed them to expand their number of trainers across the country and to introduce quality control measures to the training processes. A focus of PROSPECTS in Uganda was to extend the network of refugee trainers under the BDSPN.

Working with national institutions, such as the FSME in Uganda or MOLSA in Iraq, requires that the institution's staff have time and capacity to support the continued provision of BDS. Staff in existing institutions will likely have to support competing tasks and training – including similar training with other humanitarian and development partners also carrying out BDS. Making sure there is sufficient time and budget available is critical to ensure that training is carried out and aligned with the intended methodologies. In some instances, this might require having more senior managers within the institution commit to allocating sufficient staffing time and resources.

Working with CBOs, including RYLOs, while not on a national scale, helped contextualize tools and support a continuous training process in refugee-hosting areas, as trainers were living within the community. However, because they *were* within the community, they often faced some of the same challenges as their trainees, including inability to afford the full cost of training and scale up businesses. In Uganda, both RYLOs were trained by BDSPN. In theory, this should open up more training opportunities, as the trainers are connected to a wider network.

The programme teams in Ethiopia and Uganda observed a need for greater investment in institutional capacity when working with RYLOs as BDS providers. While the upfront cost and time required were high, in terms of explaining contracting processes, record-keeping and finances, once this capacity was developed, the organizations were proactive in applying for and finding additional opportunities to expand BDS for their communities. In Iraq, the programme team worked with local BDS providers, who continued using SIYB after PROSPECTS supported training of their trainers. Having SIYB certification constituted added value, as they could mention it in funding proposals. To support the continued use of the trainers' skills, the programme team in Iraq also shared a list of SIYB certified trainers with larger funding partners, such as UNDP and WFP. They also encouraged these organizations to include SIYB as the desired training method for their BDS activities, thus generating additional demand for the trainers' skills. However, reliance on a small number of highly motivated individuals is also a risk. Unleashed in Uganda is largely driven by the initiative of a few committed individuals who are also championed by other INGO and UN agencies engaged in BDS. There are other BDS training methods on the market that these actors can deploy based on demand from funding organizations.

Financial sustainability of BDS training remains a challenge. Over time and independently of PROSPECTS, the ILO has developed funding models to continue services with limited reliance on external financing. The intention is that an SIYB institutional capacity assessment is conducted at the outset of SIYB interventions, to determine if the partnering institution can afford to continue delivering training after the project ends. Other solutions suggested include training financed by the public sector, either as part of the governmental budget, or earmarked under special programmes that promote entrepreneurship and start-ups. From experience, larger institutions may have dedicated budgets to support ongoing BDS, but SIYB may compete for attention with other training methodologies used by these institutions. Training can also be financed by the private sector, either as part of corporate social responsibility efforts or out of commercial interest in developing a market and intermediaries for its services. Mixed approaches can also see organizations work together to co-finance or match contributions.⁵⁹ Financing options should feature in the design of BDS training from the outset. When programme teams roll out BDS with national institutions or ministries, any assumptions about financial sustainability should be clarified and mutually understood during the inception phase.⁶⁰ The human resource and financial costs of ongoing support to or mentoring of SMEs should be identified and addressed in this process.

59 ILO, 2021.

60 ILO, 2021.

► 7.4 Integration with other areas of work

BDS is an area of ILO work that requires integration with other ILO pillars for supported enterprises to take off. Without an integrated approach, it is unlikely that trained individuals will be able to translate their knowledge into businesses or expand their existing businesses. This includes a holistic enterprise development support system, connected to financial services, but it can equally integrate with areas related to EIIP and as part of value-chain development.

The first, and perhaps most critical, integration is with financial education and financial services. Financial Education (FE) is an ILO tool in its own right, used to support people to make informed decisions about their finances. Many of the skills taught in the SIYB tools – cost of sales, keeping records, stock control, etc. – assume a level of financial literacy that may not exist. In such situations, FE may need to precede SIYB, as happened with some target groups in Iraq. Improved financial literacy will improve the uptake of SIYB skills and their application in SMEs.

Access to finance is also essential for businesses to become established and grow. Many refugees face limited access to banking and financial services, owing to a lack of documentation and of products and services appropriate for their needs. In the absence of access to commercial banks, viable alternatives include microfinance, savings and loan cooperatives (SACCOs) and VSLAs, as demonstrated in Uganda, Iraq, Lebanon, Kenya and Uganda (see the chapter on financial inclusion). In all instances, the partnering financial service provider was also trained in SIYB or related BDS approaches. In Sudan, the BDS partner leveraged its own experience to refer trainees to local microfinance institutions (MFIs) and an agricultural bank. The beneficiaries of these referrals had completed SIYB and FE training and thus had the knowledge and skills to make informed financial decisions. In Ethiopia, the Safe Light Initiative negotiated access for SIYB and FE graduates to interest-free loans from the Synergy Youth Investment Group. Financial literacy, whether through FE training or proven existing knowledge, was also a prerequisite for entrepreneurs in Iraq to access loan products through the partnering banks. In Lebanon, the adapted IYAB training package was used in tandem with a blended financial product. This helped farmers improve agriculture management practices, while obtaining loans to support their farms.

The third integration is with cooperatives and social and solidarity economy (SSE) enterprises. While some training providers, such as FSMs and BDS peer networks, may find it challenging to provide BDS support to cooperatives, because they are outside their membership, crisis and post-crisis contexts lend themselves to the creation of such community-driven initiatives. In Lebanon and Sudan, for example, programme teams invested in SSE and cooperative development when these countries' economies collapsed. MSME owners and entrepreneurs may benefit from operating in a cooperative structure, which can support the pooling of resources and risk-sharing. A cooperative formation will also increase willingness of service providers, including commercial banks, to work with entrepreneurs who might fit into higher-risk categories. This was seen in Ethiopia's efforts to issue commercial bank loans, where banks dealt with cooperatives, rather than individual microenterprises, as a risk-pooling measure.

An additional integration approach sees BDS positioned within value-chain development. Here, BDS service providers support actors along the value chain to establish and scale up enterprises. In Ethiopia, the programme team supported the development of enterprises, including social enterprises like cooperatives, as part of the work to develop dairy value chains. In Sudan, a pilot in the groundnut value chain also provided SIYB training to groundnut producers who were grouped into producer associations so that they could more easily reach scale in production and access markets.

Finally, BDS can also support construction contractors who are involved in employment intensive investment programmes (EIIP). As noted in the chapter on EIIP, contractors are local businesses. They can also benefit from BDS to manage and scale their operations. The ILO already supports contractor training from the perspective of increasing capacity to bid for EIIP contracts, but contractors can also benefit from BDS. In the case of Iraq, another link with EIIP was forged, as EIIP workers interested in starting their own construction-related businesses were referred to SIYB training. EIIP was also deployed to rehabilitate Ministry of Youth and Sport youth centres, from which SIYB training was being run.

► 7.5 Challenges

As with many PROSPECTS interventions, the issues of cost and time pose a challenge to the continuous provision of services. Many BDS providers rely on external financing and are donor-driven, meaning they employ tools and approaches as dictated by funding institutions. This means that if the methodology is too costly, it is less likely to be deployed continuously. ILO BDS tools are intensive in terms of both time and resources, requiring that the trainees and the institution follow a weeks-long training process that increases the likelihood of business start-up and expansion. Some programme teams used a modular approach and adapted training schedules to either condense training times, or deliver them across a longer period in shorter sessions. While this didn't necessarily bring down costs, it structured time based on the preference of the target group and training institution.

Challenges also relate to the use of other BDS training tools and approaches. From a donor perspective, approaches that showcase large numbers can be more attractive, even though the impact of training in terms of businesses started and sustained is not easily demonstrated or always evident in the project's life cycle. Over time, the ILO's BDS tools have been evaluated on the bases of businesses set up and jobs created, gaining the tools recognition internationally. For instance, in Viet Nam, 56 per cent of female-owned businesses that had undergone SIYB training hired new employees in the months following that training. However, numbers are still a key factor in funding decisions, and in crisis contexts, where immediate impacts are in high demand, other rapid types of training and cash grant might be favoured.

The ways in which other BDS providers incentivize participation can also raise expectations among the target group for the likes of high daily allowances, seed finance and related benefits. Overly generous incentives can also attract participants who do not intend to start or expand businesses, but rather are primarily driven by cash incentives to attend training. This is a phenomenon witnessed especially in displacement contexts, where there is an oversupply of business and skills training. It is critical to distinguish the programme in such cases and ensure prospective participants understand that their participation is based on their intention to pursue business. In most cases, it is recommended that any financial component, such as loans or credit, be scheduled after the training is complete.

The sustainability of enterprises started by refugees and host community members is also a consideration. Building businesses takes time and requires ongoing support, particularly for new businesses and those with few resources. If new MSME owners hit a challenge they cannot overcome, or they are not making as much income as they initially thought (such as during the pandemic), they may need additional support to continue. Experience also shows that one-off cash grants are not sufficient to maintain businesses, particularly in volatile contexts that are characterized by shocks. Businesses require non-financial BDS and encouragement as they encounter difficult financial periods during start-up. The provision of finance itself also requires sustained access through credit and loan institutions, accompanied by close monitoring and follow-up.

In Lebanon, the programme team monitored MSMEs that were supported through training, grants and loans. The findings indicated that, after two years, only 50 per cent of those who received training and grants stayed in operation. Those who obtained loans showed more resilience, with just 8 per cent of these businesses having closed in the two years. The provision of cash grants worked best when there were MSME experts involved to analyse business plans and reinforce sustainability plans in light of evolving crises.

The agility of the programmes in Uganda and Lebanon to shift programming towards business continuity and more humanitarian types of cash support might be needed to weather the storm during unforeseen crises. Long-term resilience will likely require longer periods of support, but this also introduces a trade-off, as the programme wouldn't be able to reach as many new enterprises if it also needed to maintain focus on already supported businesses. This again speaks to the challenge of reaching large numbers.

- ▶ Refugee and host community entrepreneurs operate in environments where markets are generally scarce and formal job opportunities limited. This is especially true for refugees, who frequently encounter distinct and heightened obstacles to accessing the host country's labour market.
- ▶ Working with national institutions to deliver BDS requires that the institutions' staff have time and capacity to support the continued provision of business services. Staff in existing institutions will likely have competing tasks and training to support.
- ▶ Sustainability plans need to be identified upfront with partnering BDS providers, focusing on how quality training can be continued after the intervention, and whether public and private resources can be relied upon.
- ▶ Refugee youth-led organizations and CBOs are key in contextualizing BDS and, in some instances, providing them to businesses in their communities. This can also require more time and resources for building the capacity of these organizations in terms of administration and financial management. However, if upfront investments are made in building their capacity, it will localize BDS service delivery in the medium and long term.
- ▶ The pooling of expertise into a BDS service provider network allows certified BDS trainers, including refugees, to organize under a single entity. Requests for BDS training can be served from one point of contact, with oversight and quality control measures in place. It also gives trainers access to knowledge-exchange opportunities and continual capacity-building. Expanding such networks to include refugee trainers allows BDS to expand into refugee-hosting areas.
- ▶ To enable entrepreneurs to put their skills into practice through business development, the provision of financial products is usually necessary. Scheduling non-financial BDS before the provision of financial services is generally advisable, so that a perceived financial benefit wouldn't be the sole driver for entrepreneurs to pursue BDS.
- ▶ During times of crisis, when economic shocks are likely to have the greatest impact on MSMEs, focus may need to shift towards business continuity and measures for resilience, rather than new business start-ups. Direct financial assistance in the form of grants and vouchers may also become necessary in the crisis and immediate post-crisis stages.
- ▶ Where business registration is feasible for forcibly displaced populations, incentives such as loans can help move MSMEs along a formalization process. However, there is also cause for caution in linking formalization to the provision of financial services, if this is not accompanied by capacity development.

