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▶ **What works for sustainability in entrepreneurship training delivery?**

A guide for practitioners based on lessons from ILO's SIYB programme

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A guide for practitioners based on lessons from ILO's SIYB programme

Nadja Nutz & the SIYB team

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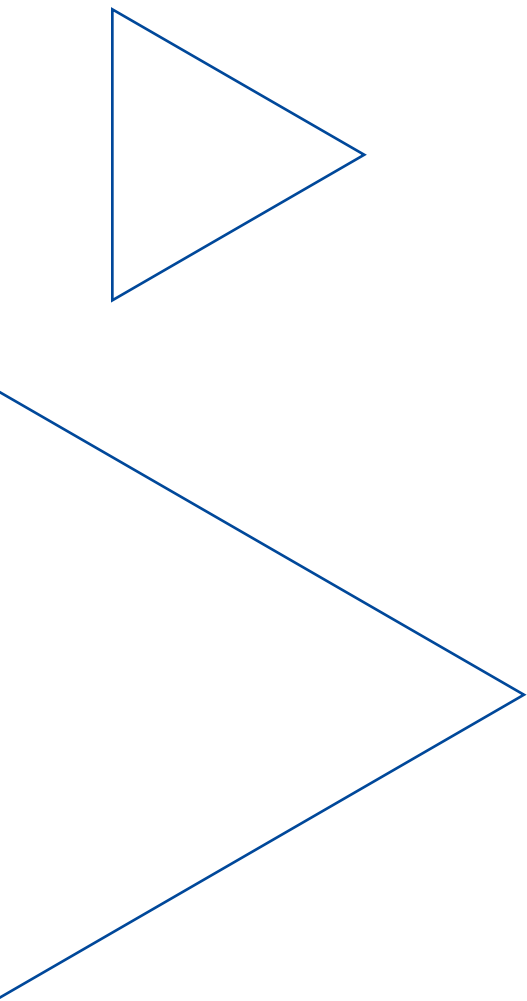
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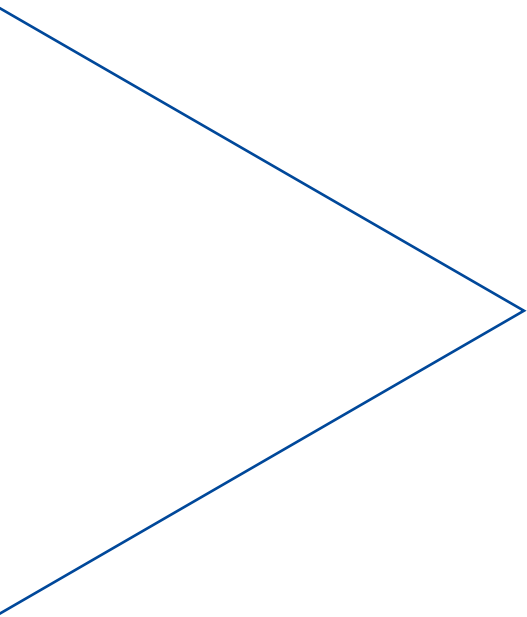
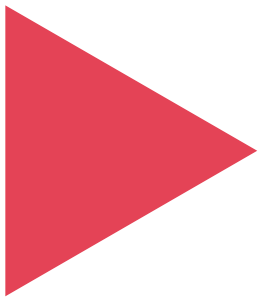


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Executive summary

Sustainability is an explicit goal of most development projects. The aim of entrepreneurship promotion projects is usually to build up capacity of local organizations to provide well-adapted business development services to entrepreneurs and enterprises. The underlying idea is to design projects that intervene to build capacity of local organizations for a certain time period after which the project withdraws and hands over to local organizations. It is thus crucial to design sustainability strategies at the outset of any project and such strategies are today indeed an integral part of project concept notes and proposals. Nonetheless, taking a closer look at the long-term impact of entrepreneurship promotion projects reveals that all too often projects still fail to achieve long-lasting results and trainings and related services for entrepreneurs often cease to be delivered by local organizations after project funding and support ceases.

This paper therefore takes a closer look at sustainability strategies of ILO's Start and Improve your Business (SIYB) entrepreneurship training and seeks to compile lessons from SIYB implementation in over 100 countries. At the center of the discussion is the issue of financial sustainability and the question of 'who pays' for provision of trainings to entrepreneurs after projects come to an end. To ensure financial sustainability different models are possible. These can range from training provision that is driven and financed entirely by the public sector to trainings offered by the private sector on a cost-recovery basis. A further modality are so-called mixed-models where different types of organizations work together.

This paper will argue that the sustainability strategy and implementation model that should be chosen by projects depends on the specific context, and the capacity and incentives of existing local organizations. But even more importantly, strategies and implementation models depend on the specific population groups that projects wish to support. The paper finds that so-called 'opportunity entrepreneurs' and already existing enterprises are in many cases better served by specialized private entities that offer trainings and related services on a for profit basis. These private entities usually have the capacity as well a strong incentive to provide trainings that are of quality and adapted to clients' needs in order to keep making profits.

However, when the objective is to support poor, marginalized or vulnerable necessity entrepreneurs that would not have the capacity to pay a significant sum for the training, arguments in favor of involving the public sector can be made. In countries where capable and financially strong government entities exist, public driven training provision can provide many advantages. In other countries, mixed models can be a good option to combine the advantages and disadvantages of both models, and promote provision of entrepreneurship trainings and related services that are of high quality and adapted to the needs of different population groups, while also being accessible and affordable by all groups. Mixed models can range from primarily private-driven provision that is subsidized or supported by the public sector to ensure inclusiveness, to public-driven provision that relies on specialized private entities or freelance trainers for the actual provision of trainings to ensure quality.

The last chapter of this paper will present guidance and practical tools that aim to support practitioners in choosing the right sustainability strategy for any given context and objectives. More specifically, the chapter presents three steps that practitioners should consider when planning for sustainability. These involve a) choosing the right model (private, public or mixed) based on the context and population groups that should be reached, b) analyzing capacities and incentives of different public and private organizations to identify the best-placed partner organization(s), and c) working with these partner organization(s) beyond the initial training of trainers' process to develop a solid business model and/or reinforce incentives for training provision.



▶ Introduction

1.1 Why the focus on sustainability?

Sustainability has become a buzzword in the development industry. Donors and development organizations generally agree that the aim of projects is not to replace local public and private organizations by delivering goods and services on behalf of them. Instead, projects should build the capacity of local organizations with a view to helping them play a more effective role in providing required services and goods to different population groups on a continual basis.

In the area of entrepreneurship promotion, this means projects are often designed to enhance the entrepreneurial ecosystem and support local organizations in delivering a variety of financial and non-financial support services to help entrepreneurs succeed. The underlying idea is to design projects that intervene to build up capacity of local organizations for a certain time period, after which the project withdraws and hands over to local organizations, with the idea that the latter continue service delivery. Consequently, exit strategies for projects are today an integral part of project proposals and concept notes and many donors require development organizations to design such an exit strategy at the outset of the project.

However, taking a closer look at the impact of projects reveals that, while such sustainability strategies usually exist on paper, they often do not translate into actual sustainable changes in the local entrepreneurial ecosystem. All too often local organizations will happily offer trainings and other entrepreneurial support services while these are subsidized by the project but fail to continue to deliver these after the project ends. Development organizations therefore need to ask themselves: why is it that projects often fail to deliver the sustainable long-term results they promise?

To begin with, projects are often designed based on idealistic ideas of what the entrepreneurial ecosystem in any given country should ideally look like rather than what realistically can be achieved. A strong belief exists within the development community that certain required goods and services should be provided by the public sector to specific target groups. Implicit in this theory is the idea that in order for service delivery to be fair and inclusive, service design and delivery need to be centralized and under the responsibility of a strong and capable government. Driven by what development organizations feel should be the goal, they tend to partner with local organizations that they feel should be providing a certain service but overlook that the same organizations realistically do not have the funding, capacity, nor the incentive to deliver this particular service sustainably.

Linked to the above-mentioned idealistic ideas, development organizations often design projects based on assumptions that are inspired by what they feel should be happening. For instance, when running training of trainers programmes for certain public agencies, it is naturally assumed that the organization should be having both the interest and the financial means to continue service delivery after the project comes to an end. The reality however is that for public agencies, particularly in low-income countries, it is not always easy to find and earmark resources to continue service delivery after project subsidies run out. If the project fails to work with organizations to develop a long-term plan for services delivery that goes beyond the initial project-supported phase, service delivery might not be continued, at least not in the way the project intended. Particularly in countries where many donors and development agencies exist and offer funding and advice, often even competing with each other, it is easier for local organizations to enter into new partnerships that offer funding and technical support rather than continuing to provide services by their own means.

Finally, many projects tend to overlook the complexity of entrepreneurial ecosystems. Projects often partner with one single organization and focus on building technical capacity, for instance for delivery of trainings or other services. The implicit assumption is that ideally it should be one single organization designing, delivering, and paying for services. In doing so, projects fail to recognize the

complexity of well-functioning entrepreneurial ecosystems that often consist of different organizations having complementary roles. Failing to recognize that multiple organizations can be playing different roles to make an entrepreneurial ecosystem work can lead projects to design overly simplistic solutions that do not stand the test of time.

The ILO's "[Start and Improve your Business \(SIYB\)](#)" entrepreneurship training programme is one of the oldest and largest training programmes worldwide. The training programme's impact on entrepreneurs of all stages is well-tested. The programme comes with manuals for both trainers and entrepreneurs, an [implementation guide](#) that helps project managers organize training of trainers' processes, as well as an elaborate monitoring system to track results of trainings, trainers' activities and networks in different countries. A certification system and a structure consisting of trainers with different seniority and responsibility levels ensure that, rather than providing training services directly, projects enable local institutions and trainer networks to offer SIYB trainings continuously.

Nonetheless, projects still often struggle to design long-term sustainably strategies that look at the big picture and take into account the entrepreneurial ecosystem as a whole. Whenever projects fail to recognize the complexity of systems, forget to work with partner organizations to develop solid business models for long-term service delivery, or simply chose a partner organization that is not well-placed to ensure such service delivery at the outset, SIYB training delivery fails to be sustainable.

This document aims to shed light on different possible mechanisms for sustainable training service delivery and presents project managers with different tools that help to design a solid sustainability strategy at the outset of the project. To this end, the remainder of this chapter will introduce ILO's SIYB programme and its certification and quality assurance systems. Chapter 2 will present the pros and cons of private and public-led training provision, and introduce the notion of mixed models. Finally, chapter 3 will discuss ways to decide on the right sustainability strategy for any given context and target group as well as present different tools that can be used to do so.

1.2 SIYB and sustainability

Throughout its more than 30 years of history, ILO's small business management and start-up training programme SIYB has aimed to achieve sustainability. Starting as a relatively traditional small business training programme originally developed by the Swedish employers' organization and then adapted to realities of developing countries in the early 1980ies, the programme has survived several series of sustainability debates.

The SIYB programme consists of four different training modules that aim to support entrepreneurs at various stages of creating and running a business:

1. Generate Your Business Idea (GYB) is intended for people who would like to start a small business and who, through the training, develop a concrete business idea ready for implementation.
2. Start Your Business (SYB) targets potential entrepreneurs who want to start a small business and already have a concrete business idea. The programme is a combination of training, fieldwork, and after-training support and helps participants assess their readiness to start a business, prepare a business plan and evaluate its viability.
3. Improve Your Business (IYB) introduces already practicing entrepreneurs to good principles of business management. Its six modules (marketing, costing, buying and stock control, record keeping, planning for your business, and people and productivity) can be taught individually or all combined in a full course.
4. Expand Your Business (EYB) enables growth-oriented small enterprises to develop a business growth strategy through training interventions.

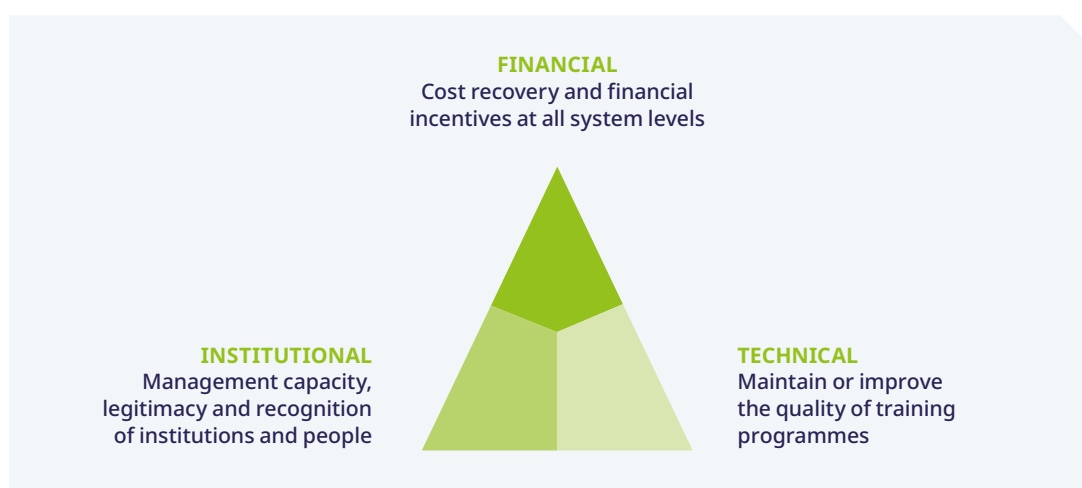
To promote sustainable training service provision ILO refrains from training entrepreneurs and small businesses directly but rather trains and certifies SIYB trainers and Master trainers.

Trainers and Master trainers can either operate independently as freelance consultants or be part of local public or private organizations.

Ideally, local partner organizations or freelance trainer networks will ensure sustainable SIYB training provision in the sense that these organizations deliver SIYB trainings of high quality and adapted to the needs of their clients even years after the ILO project ended. To promote this kind of system, ILO aims to foster three different aspects of sustainability:

- ▶ **Institutional sustainability** by ensuring sufficient management capacity to continuously deliver high quality trainings
- ▶ **Technical sustainability** by continuously maintaining and, if possible, improving the quality of the training programmes. This includes regularly updating training materials as well as refreshing skills and competencies of trainers and ensuring that service offers respond to clients' needs
- ▶ **Financial sustainability** by ensuring that costs associated with the training provision are recovered and/or enough budget is available to maintain the quality of training materials and trainings.

Figure 1: The three dimensions of sustainable training service delivery



SIYB has established a certification system for different levels of trainers to safeguard quality standards and promote technical and institutional sustainability of training delivery. Based on this system, only SIYB Master trainers, once certified, are eligible to train and certify SIYB trainers while SIYB trainers are allowed to train start-ups, entrepreneurs, and small enterprises (see Figure 2). Master trainers have to undergo a rigorous and lengthy training process and, once certified, are the custodians of the SIYB system. They remain in close contact with ILO and receive regular updates on new developments, standards, and tools. To ensure the quality of trainings provided to entrepreneurs, trainers have to undergo an intensive training of trainers' process organized by Master trainers, and only trainers who are familiar with the technical content of the training and able to demonstrate their ability to run high quality interactive trainings can be certified.

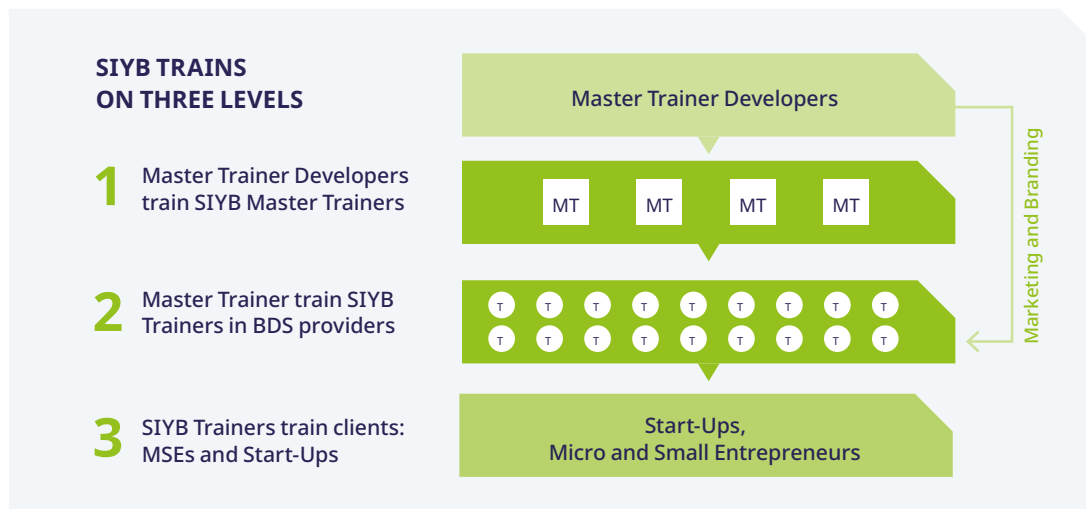
The SIYB certification system thus contributes to the **technical sustainability** of training delivery by ensuring that only trainers that have demonstrated their ability to offer high quality trainings can be certified and entrusted with the responsibility to run trainings on their own. Master trainers remain the main focal points for technical questions and updates in their respective countries and need to be involved in material adaptations and new tool developments. As main focal points for SIYB in their respective countries, they are in close contact with the ILO's SIYB global and regional coordination teams as well as local partners institutions and trainers and can thus ensure that new tools and adaptations produced locally are in line with global SIYB standards as well as adapted to the local context.

Trainer and Master trainer networks, in addition to partner organizations, also make an important contribution to the **institutional sustainability** of SIYB training delivery. Master trainers in their function as technical focal points for local trainers and partner organizations also ensure that trainers

are part of an organized network that fosters continuous exchange, learning and innovation. Next to the certification system, institutional sustainability of SIYB is fostered by selecting the right partner organization(s) locally that is capable of managing the long-term training delivery in a cost-efficient and professional manner.

While setbacks certainly exist in many cases, evaluations allow for the confident conclusion that the SIYB certification system and the relating branding of SIYB provides a good basis for the promotion of training delivery that is technically and institutionally sustainable. However, many projects are still struggling with finding the right mechanisms and strategies to ensure that local public and private organizations continue training delivery after a donor-funded project ends. A key challenge in this regard is ensuring the **financial sustainability** of training service delivery. Despite many debates around the subject the question remains: When donor funding comes to an end, who pays for training services and the continuous maintenance of trainer networks?

Figure 2: The SIYB Certification System



Payment for training services can come from the client themselves or any kind of entity willing to subsidize the service and different possibilities and levels of demand exist for the different trainer levels. Most Master trainers operate on a freelance basis and can thus easily be contracted by any local organization, development agency, or donor to train and certify new SIYB trainers. Experience has shown that demand for services offered by Master trainers continues to be high and the number of active Master trainers has grown over time. The [SIYB Global Tracer Study](#), conducted by ILO every 5 years to track progress and implementation trends, estimates that the number of active SIYB Master trainers grew from 237 in 2010 to over 380 in 2015.

Clients of Master trainers are public and private organizations that want to offer SIYB trainings and are hence willing to pay Master trainers to train and certify a certain number of SIYB trainers within their organization. Services of Master trainers are requested by a variety of different organizations for different purposes. Typically, organizations that use Master trainers' services include:

- ▶ **NGOs and development organizations** that want to offer SIYB in the framework of projects to certain beneficiaries. Such organizations tend to try to reach poor and marginalized population groups to create income-generating opportunities and alleviate poverty. In this case, NGOs and development organizations usually pay for these services with resources that ultimately come from donors.

- ▶ **Public organizations** including SME agencies, incubators, youth employment agencies or public training institutes that are looking to roll out SIYB trainings as part of their service offer. Ultimate clients of these services can vary and depend on the specific institution's mandate and objective as well as national strategies and policies. Training of trainers organized by Master trainers for public institutions are often funded by donors, in the framework of running projects with the ultimate goal of strengthening public institutions capacity for long-term service provision. However, cases exist where public organization were sufficiently willing and able to fund Master trainers' services themselves.

- ▶ **Private training institutes, BDS providers or freelance consultants** planning to integrate SIYB trainings into their service offer on a for profit basis. These providers see an opportunity to offer SIYB trainings for specific clients against a fee and with a view to making a profit, and are thus willing to invest and pay for Master trainers' services to do so.

- ▶ **Large private companies** that decide to use SIYB. Large companies may decide to pay for training of trainers for a variety of reasons, including training their suppliers in order to strengthen their capacity or to run trainings for different population groups as part of CSR programmes.

While services provided by Master trainers are often paid for or at least subsidized by donors, experience has shown that different types of organizations including public organizations, private training providers and large private companies are also willing and able to pay for these services. It is therefore no surprise that Master trainers, once trained and certified, often continue to be active and even expand their activities to offer services internationally. On the level of Master trainers, ensuring financial sustainability of services offered is therefore not a key challenge.

However, the question 'who pays?' is harder to answer for SIYB trainers. Trainers organize trainings for a variety of different population groups including already existing small enterprises, new start-ups, and different population groups aspiring to launch a small enterprises or income-generating activity. While some clients might have the capacity and willingness to pay for training services, others are unable or unwilling to do so. In particular, it is important to differentiate clearly between so-called opportunity entrepreneurs and necessity entrepreneurs in this regard (see Box 1). Opportunity entrepreneurs are often highly motivated and thus more inclined to invest in trainings to launch and manage their businesses successfully. So-called necessity entrepreneurs on the other hand often originate from poor or marginalized communities and might not be able or willing to spend money on trainings. At the same time, even if capacity for payments exist, it might well be argued that it is in the interest of governments to fully or partially subsidize training services as part of job creation and poverty alleviation programmes.

Different models for financially sustainable training service provision exist. These range from public models, where training provision is fully funded and executed by public organisations, to private models, where trainings are offered on a for profit basis to paying clients. The debate around different models for sustainable entrepreneurship training delivery polarizes development practitioners and is often driven by idealistic considerations or fundamental beliefs. Practitioners on one end of this spectrum believe that services provision should be ensured completely by the state to ensure inclusiveness and accessibility of services for all, or, on the other end, ascertain that trainings provision should be driven entirely by the private sector to ensure a self-sustaining, dynamic, adaptable and quality service market. The following chapter will therefore explore the pros and cons of both public and private service provision further but also provide insights into ways to combine these into 'mixed-models'.

Box 1. Opportunity vs necessity entrepreneurs

Organizations looking to promote entrepreneurship often distinguish between opportunity and necessity entrepreneurship. Opportunity entrepreneurs usually decide to start a business because they have identified a specific business opportunity on the market and decided to use this opportunity, usually with the end goal of making profit. Necessity entrepreneurs on the other hand are often people that start a small business or income-generating opportunity because they do not have or do not see any alternative.

The decision to start a small business is thus motivated by different reasons. **Opportunity entrepreneurs** are often much more likely to invest in their businesses to make them grow and expand. They tend to be more inclined to take risks to make this happen and seek out expert advice to achieve their goals.

Necessity entrepreneurs on the other hand often hope to start an activity that is a stable income source for them and tend to be more averse to risks that might jeopardize this income source. Not necessarily looking to grow and expand their businesses, necessity entrepreneurs are often less inclined to invest in their business and thus often more reluctant than opportunity entrepreneurs to pay for trainings or advice for their business.

The question which type of entrepreneurs projects should ideally support is not a straightforward one. Many arguments speak in favour of supporting necessity entrepreneurs as these are often part of poor and vulnerable communities. Supporting necessity entrepreneurs thus has the potential to lift these out of poverty. Opportunity entrepreneurs on the other hand often have a higher chance of starting businesses that will grow and expand over time. Support for opportunity entrepreneurs thus has the potential to lead to large-scale job creation that might ultimately also benefit the poorer parts of the population.

Key take-aways

- ▶ Entrepreneurship promotion projects generally aim to enhance the local entrepreneurial ecosystem and help local organizations deliver a variety of financial and non-financial support services sustainably to help entrepreneurs succeed. However, experience has shown that sustainability strategies do not always work out and many local partner organizations stop to deliver services soon after the project closes.
- ▶ The SIYB Programme developed a certification system for trainers with different levels of responsibility and seniority that seeks to ensure technical and institutional sustainability of the programme. Despite these measures many project still struggle to promote financially sustainable entrepreneurship training provision.
- ▶ The question of who pays for the provision of trainings to entrepreneurs and small enterprises is a central one and much will depend on the specific population group that projects seek to reach and their capacity and willingness to pay for services.

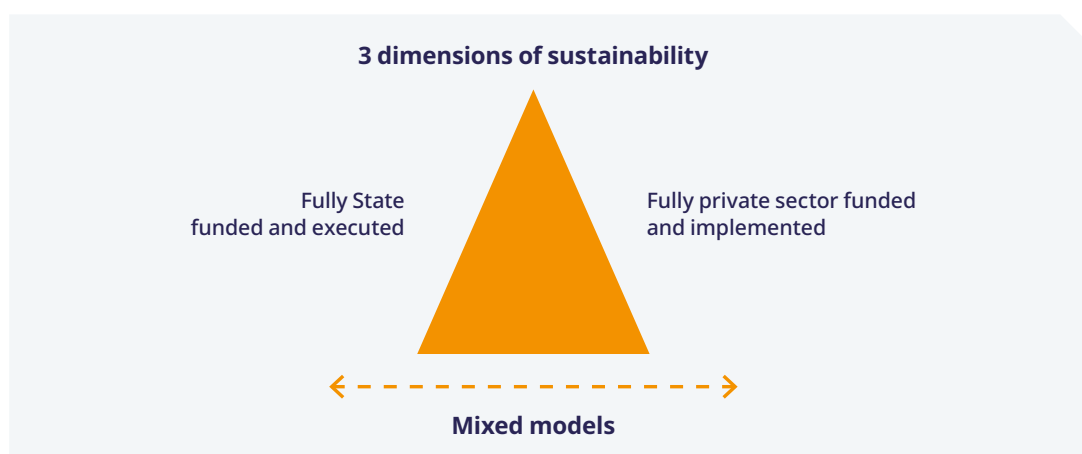


► Public vs private training service delivery – a conundrum?

Development agencies are often driven by a mandate to alleviate poverty and subsequently launch development projects with the goal of creating jobs and improving incomes specifically for poor and vulnerable population groups. In an effort to strengthen local capacity to provide entrepreneurship trainings, projects naturally often partner with public institutions of different forms. The objective of these projects is to strengthen these public institutions and develop their capacity for them to continue to provide high quality entrepreneurship trainings and related services that are accessible and affordable to all, including the poor and marginalized parts of the population.

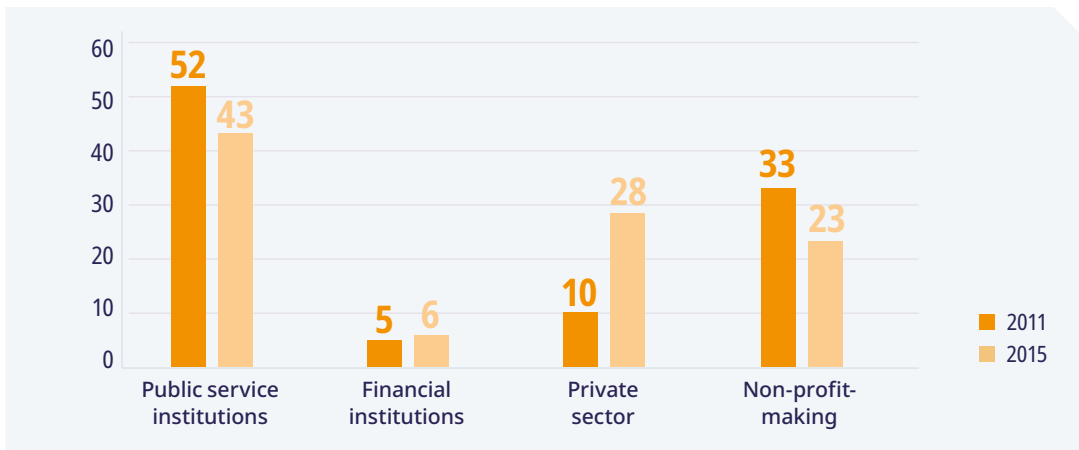
However, following decades of development cooperation, it has become obvious that this strategy does not always work. While public organizations in some countries have successfully used donor-funded capacity building programmes to strengthen their service provision and role, many others have failed to capitalize on these opportunities and even scaled back their engagement to rely almost exclusively on donors and development agencies to roll out programmes for the poor. The experience of SIYB with public-driven training service provision has been mixed and includes some outstanding successes but also many failures. Some public organizations have been able to ensure roll-out of SIYB trainings on a massive scale and even build on SIYB with complementary services and new adaptation. Many other public partner organizations on the other hand ceased to deliver SIYB trainings once donor funding came to an end. In other instances, public organizations were able to continue offering SIYB for a certain time period but, lacking a long-term strategy for sustainable training service provision, were unable to maintain the quality of trainings over time.

Figure 3: Different sustainability models



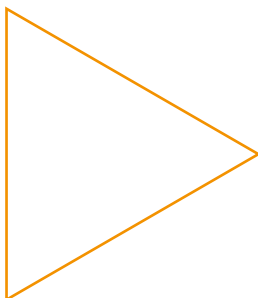
To counter this problem, the trend has moved over time towards partnering with private business development services (BDS) providers, associations of freelance trainers, and other private sector entities to deliver SIYB sustainably. The underlying assumption was that private sector driven service provision would be more sustainable since private entities rely on continuous high quality service provision in order to compete with other entities and make a profit. This trend towards private sector-led training delivery is reflected in the data collected by the SIYB Global Tracer Studies 2011 and 2015. While not-for-profit institutions still constitute the majority of SIYB partner institutions, their share has declined markedly between 2011 and 2015. Public services institutions represented 52%, and NGOs 33% of all SIYB partner organizations in 2011, but their share declined to 43% and 23% respectively in 2015. The share of private sector entities on the other hand rose from 10% to 28% in 2015 (See Figure 4).

Figure 4: Types of SIYB partner organizations, 2011 and 2015



While much indicates that private sector-led entrepreneurship training delivery can be more financially sustainable, particularly in countries where state entities are subject to low capacity and limited financial resources, other setbacks exist with private-led service provision. The necessity of private sector entities to generate profits means that only paying clients will be able to access offered training services. This excludes poor people that do not have the necessary resources, who arguably are most in need for support through trainings and other services.

The debate around the pros and cons of public versus private driven delivery of entrepreneurship trainings and related support services continues to divide practitioners. Moreover, a debate that focuses exclusively on these two models fails to recognise that entrepreneurial ecosystems are in reality often more complex. Mixed-models that seek to combine the pros and cons of both models and require practitioners to look at ecosystems of entrepreneurial support services in a more holistic manner have gained in popularity in recent years. The following section will thus look at the pros and cons of public and private service provision in more detail but also discuss mixed models as a compromise.



2.1 Public sector driven delivery

Rolling out entrepreneurship training programmes that are fully funded and executed by the public sector has many obvious advantages. Centralized planning allows for full control over what training programmes are offered to which population group. Hence, under the condition that sufficient data on the needs of different population groups is available, a government-run programme can tailor-make different types of trainings and related support services to groups with varying needs and objectives. If sufficient funding is available trainings and services can be offered free of charge and thus set up to be inclusive and accessible for all. Trainings can be offered even in rural marginalized areas and may include training programmes designed specifically for disadvantaged population groups including people with disabilities or mental health issues.

Public-driven entrepreneurship training programmes may also facilitate monitoring and collection of data on the impact of the trainings on entrepreneurs. Monitoring visits can be organized on a regular basis following the completion of trainings and used to collect data on the performance of small enterprises, jobs created, and profits generated. This kind of data, collected through large-scale government programmes for all population groups in different geographical regions, can help to gain important insights about the impact of entrepreneurship trainings and related services. While private BDS providers might also have an interest in collecting this kind of data to better target and market services, government agencies are more likely to use the generated data for the greater good, for instance by informing government policies and the regulatory framework for MSME promotion.

If sufficient budget and institutional capacity is available, government-run entrepreneurship training programmes have the potential to reach millions of people and make a difference particularly for poor or marginalized communities. A prime example for this can be found in China, where the government has launched a massive entrepreneurship support programme, originally based on SIYB, that has changed the lives of millions (see Box 2). Many other examples exist where governments and specific public agencies have launched entrepreneurship promotion programmes based on SIYB and to this day continue to offer high quality SIYB training for a variety of population groups. These examples illustrate that, wherever strong and capable public institutions with the right capacity and motivation exist, public-driven rollout of entrepreneurship trainings can have significant benefits.

However, governments in many other countries are unable to draw on financial resources generated by rapid and high economic growth as was possible in China. Particularly in low-income countries, where entrepreneurship support programmes are arguably the most needed, government revenues are often low and states find themselves highly indebted, leaving little to no budget for large-scale entrepreneurship support programmes. Hence, a key challenge for public institutions in these countries is the **financial sustainability** of these programmes.

What is more, particularly in the poorest countries most in need of entrepreneurship support programmes, institutional capacity to roll out high quality entrepreneurship trainings and invest in material development and human resources is often weak, thus endangering the **institutional and technical sustainability** of these programmes. This is the case in particular for public institutions that are not specialized in training provision and/or are staffed with public sector employees that possess a rather generalist skills profile better suited for administrative work or other kinds of service provision. Often these public institutions are unable to pay a competitive salary to their employees and thus fail to attract highly qualified and specialized experts and trainers who prefer to work in the private sector for better pay.

Box 2. Public sector-driven training delivery - the case of China

The ILO and the Government of China first joined forces to promote entrepreneurship in China in 2000. Since then the Chinese Ministry of Human Resources and Social Services (MOHRSS) adapted the training to the Chinese context and launched a massive initiative to promote entrepreneurship across all provinces. Thanks to subsidies provided by the Chinese government over 7,800 business incubators and training centers across the country are offering entrepreneurship trainings. Based on data collected for the [SIYB Global tracer study](#) published in 2016 it is estimated that more than 10 million beneficiaries have been trained in China in SIYB between 2011-15, resulting in the creation of 1.9 million new businesses and 3.9 million jobs in new and existing businesses.

According to the MOHRSS, an estimated 2 million people participate in entrepreneurship trainings every year. The SIYB trainer network in China has grown substantively over the years and counted 209 Master trainers and over 50,000 trainers in 2019. The MOHRSS not only continued offering SIYB on a large scale but also added to the standard SIYB programme by developing tailor-made versions of SIYB for specific target groups as well as complementary training modules on various topics that are offered in conjunction with SIYB. Examples of these innovations include an adaptation of SIYB for rural entrepreneurs and university students as well as complementary training modules on e-commerce.

SIYB manuals for rural entrepreneurs and university students, complementary manual on e-commerce (from left to right):



To keep trainer networks motivated and qualified, the Chinese Government introduced different measures and activities to build a national SIYB identity and branding. A national business start-up competition is organized every year and pitches SIYB trainers from different regions against each other. Trainers need to demonstrate their skills by presenting and visualizing different topics and are judged by a jury of experts. The 300 best trainers are then invited to the national trainers competition where the SIYB trainer of the year is selected. The event that is highly mediatized also provides trainers and representatives of training institutions the possibility to interact with the SIYB mascot and join in singing the official SIYB anthem, thereby strengthening their SIYB identity.

The case of the MOHRSS is a textbook example of a strong public institution that rolled out trainings for different population groups on a large scale with impressive results. It should be noted, however, that even the MOHRSS did not rely exclusively on public agencies but collaborated also with private training institutions that receive subsidies to roll out SIYB trainings.



The SIYB China Mascot

While many public agencies might be eager to participate in donor-funded programmes that aim to build their capacity and train their employees on certain tools and approaches, it is unlikely that these organizations will be able maintain service provision beyond the donor-funded pilot phase. Even if service provision can be maintained, a question regarding the quality of these services often remains. Particularly in cases where employees trained habitually engage in administrative work and/or possess a rather generalist skills profile, it is unlikely that a one or two-week training of trainers programme will build their capacity to an extent that would allow them to run high quality trainings.

Beyond the financial and institutional capacity of public organizations, it might also be questionable whether all public institutions have incentives that would motivate them to maintain entrepreneurship support services in the long run. Even where the official mandate of the institution is linked to entrepreneurship promotion, the continued financing of these institutions often does not depend on the provision of high-quality entrepreneurship training.

This holds true particularly for countries governed by authoritarian regimes. Contrary to private organizations that are required to provide quality to ensure clients continue to be willing to pay for services, public agencies might not receive the right ‘market signals’ from clients, particularly if trainings are provided free of charge, and continue to deliver trainings that are of low quality or not adapted to clients’ needs. Furthermore, in countries suffering from rampant corruption and poverty, incentives of public agency employees may not be conducive to them providing free of charge quality training services.

Of course, and on a more positive note, there may be specific institutions within the public realm that do have both, the capacity and a natural incentive, to provide high quality entrepreneurship services. Public financial organizations including public microfinance institutions (MFIs) or agencies that provide loans or financial assistance to start-ups and small enterprises might be interested in providing entrepreneurship trainings to their clients as part of their service offer. While this does not provide them with profit directly it can be argued that it is in their interest to provide support in the form of trainings and related services to reduce the risks of lending or providing financial support to their clients. The higher the capacity of clients to manage well and grow their enterprise, the higher the likelihood of them paying back loans quickly. Indeed, as exemplified in Figure 4, SIYB has successfully been used by financial institutions, and these represent a small but growing percentage of SIYB partner organizations.

2.2 Private sector-driven delivery

Partnering with the right private institution for roll out of entrepreneurship trainings can have many advantages. Private training institutions, BDS providers, and associations of freelance trainers are often highly specialized in entrepreneurship and MSME support services and thus have the **capacity** to provide high quality entrepreneurship trainings and related services. Their specialization usually means that staff of such institutions is already capable of providing trainings and complementary advisory services and launching a process to train staff on SIYB or similar specific tools subsequently has a high likelihood of success.

Private organizations need to compete with other providers on a free market and thus have a natural **incentive** to ensure their offer is of high quality and well adapted to the needs of potential clients. Driven by the need to maintain the quality of services, private organizations are often more inclined to invest in the maintenance and upgrade of training material as well as the human resources needed to run quality trainings. Collaborating with specialized private entities will thus likely result in a high degree of **institutional and technical sustainability**.

By their very nature, private sector entities will have to recover costs and make profits. While this often results in a high degree of **financial sustainability** of private sector-led training provision, it also means that service provision might not be inclusive. Asking for a symbolic fee can be recommended for all contexts to ensure that people attending the training are motivated and willing to start a business. However, charging a fee aimed at recovering the training costs will likely make the training service unaffordable for many population groups that will ultimately be excluded from service provision.

This is obviously the case in particular for extremely poor population groups that will not be able to afford training service fees. But charging a fee that aims to recover the costs of training provision might also exclude or at least disadvantage other population groups. Experience has shown that offering trainings in rural and marginalized areas is likely associated with higher costs due to additional logistical arrangements that are required, particularly in countries with weak infrastructure. Rural population groups and especially the most marginalized groups might therefore be left out.

Data from the SIYB Global tracer study on costs of training provision in different contexts also highlights, unsurprisingly, that capacity to pay often depends on the specific SIYB module that is offered to clients. The packages “Improve your Business (IYB)” and “Expand your Business (EYB)” target already existing enterprises and in the case of EYB even businesses with high growth potential. Managers of existing businesses will likely have a higher capacity to pay for training services. Therefore, offering

IYB and EYB modules will likely be more feasible for private sector entities looking to generate a profit. The training modules “Generate your Business Idea (GYB)” and “Start your Business (SYB)” on the other hand aim to train aspiring entrepreneurs that do not necessarily have an income when they participate in the training. Offering these modules on a cost-recovery basis is therefore likely to be more difficult.

A case study that analysed private sector-led SIYB provision in Myanmar confirmed these tendencies. While results of the case study confirmed that private sector-driven provision of SIYB is possible even in rural areas for aspiring entrepreneurs, the experience also indicates that private sector organizations tend to focus primarily on clientele based in urban areas and/or already existing enterprises as higher profits can be obtained. As the examples of Myanmar and Benin in Boxes 3 and 4 show, continuous provision of trainings to poorer or marginalized population groups on a cost-recovery basis is possible, but in most cases requires additional measures to keep costs to a minimum and/or generate interest and demand for these trainings.

Box 3. Private sector-led training delivery - the case of Myanmar

When ILO introduced SIYB in Myanmar in 2014, the business environment was challenging for the private sector and for SMEs in particular: weak vocational training systems, weak infrastructure, and barely any existing BDS providers to support SMEs. With public organizations often being rather weak, the ILO decided to promote a market-oriented strategy and encourage the creation of private-led BDS provision.

To reach urban communities, ILO trained SIYB trainers to offer trainings for potential entrepreneurs on a cost-recovery basis. While some trainings were temporarily subsidized in the beginning, ILO soon started to charge for training of trainer programmes and encouraged local partner organizations and trainers to charge fees to their clients as well. The cost of trainings was kept low by choosing training locations close to entrepreneurs in an affordable environment. Despite operating in a market crowded with donors, 61% of the 432 organizations were able to recover costs. 98% of the training providers reported to continue providing training introduced by the ILO, with or without its support in the future.

In rural areas, providing financially sustainable trainings was more challenging as most potential clients live in areas that are hard to reach, which inevitably increases training costs. Furthermore, while the need for business management training in these communities was vast, many small enterprises were not aware of their need for trainings and therefore did not express a clear demand for training products. Initially, the project trained staff from international NGOs who started to offer subsidized trainings, but stopped doing so once project targets of donors were reached.

The project then changed its strategy and worked with selected local civil society organizations to introduce a one-day “business eye opener (BEO)” training module that aimed to sensitize potential clients on the importance of learning to calculate costs and manage businesses professionally. As these organizations were already working with rural communities, adding one day to their usual visits to deliver a short simple and fun session about entrepreneurship and cost calculations did not come at significant additional costs. During these one-day sessions, local BEO trainers stimulated demand for additional trainings, and identified potential clients willing to invest in trainings to further develop their business management skills. BEO trainers then mobilized SIYB trainers from that region to organize a full SIYB training for the identified clients. The one-day BEO module thus created interest in more trainings and trust in business support services.

In addition to the BEO trainings, active SIYB trainers initiated “SME fairs” – large events outside the capital city Yangon. During these 2-day events, entrepreneurs from different regions had the opportunity to expose and sell their local products. The entrepreneurs paid for their own participation, and were still able to make a profit. These events were also opportunities for SIYB trainers to provide on the spot trainings to local entrepreneurs, and identify new potential entrepreneurs interested in longer trainings.

In total, 9,779 individuals in both urban and rural areas were trained in how to start or manage their business, which led to the creation of 1,234 new businesses (49% by women) and 7,387 jobs (61% for women) by early 2017. The experience demonstrates that, contrary to popular belief, it is possible for private sector organizations to offer entrepreneurship trainings on a cost recovery basis to clients, even in more marginalized rural areas. However, data on costs and profits also showed that profits made in urban areas were on average higher than in rural areas, and profits from IYB trainings offered to already existing enterprises significantly higher than for GYB-SYB trainings offered to aspiring entrepreneurs.

Box 4. CESAM in Benin: Implementing SIYB through a cost-recovering private implementation model

The Management Monitoring and Assistance Centre (Centre de Suivi et d'Assistance en Management - CESAM) was established in Cotonou, Benin in 2002 with SIYB as its core service offer. Today, CESAM counts a team of one SIYB Master Trainer and ten certified SIYB Trainers, as well as a license for the reproduction, adaptation and distribution of SIYB Tools. CESAM operates on a basis of full cost-recovery from SIYB trainings, material development and distribution, and other BDS provision activities.

CESAM plays an active role in generating demand for its services. It conducts demonstration trainings and invites entrepreneurs with strong influence in their communities so they can share their experiences with their networks and communities. CESAM also actively seeks collaboration opportunities with larger programmes and markets its Trainings of Trainers (ToTs) with consultants and business support organisations. The demand for SIYB trainings comes from both individual clients as well as specific programmes and projects. CESAM delivers SIYB to approximately 400 entrepreneurs per year, a quarter of which pay the full price of the service, with the remaining entrepreneurs being supported by programmes and projects.

In addition to its marketing initiatives, CESAM has adapted SIYB materials and mode of delivery to meet the needs of different groups of entrepreneurs. For instance, CESAM integrated an enhanced focus on finance and post-training support in collaboration with micro-finance institutions, and developed sectoral trainings, including for the agro-pastoral and artisanal sectors. CESAM has also invested to make trainings more accessible, especially toward women entrepreneurs, for instance by providing childcare services during trainings and not scheduling trainings on market days. It has also developed audio-visual SIYB trainings delivered by WhatsApp with individualised remote support.

CESAM's active role in SIYB marketing and its efforts to adapt materials and mode of delivery to different population groups have generated a sustained demand for SIYB trainings and contributed to the sustainability of CESAM's operations. The experience of CESAM demonstrates the importance of adapting trainings and training material to the needs of different target groups, and investing in marketing and sensitization strategies to generate demand for trainings.

2.3 Mixed models

Both public and private sector-driven training provision have obvious advantages and disadvantages. In recent years, mixed or blended models training delivery have thus gained in popularity. Mixed models foresee private and public actors working together to deliver trainings that are inclusive, sustainable, and of high quality, making them a good way to combine the pros and cons of public and private service provision. Mixed models can take many different forms but generally require different organizations, often public and private organizations, to work together based on their specific competitive advantages, mandates, and objectives.

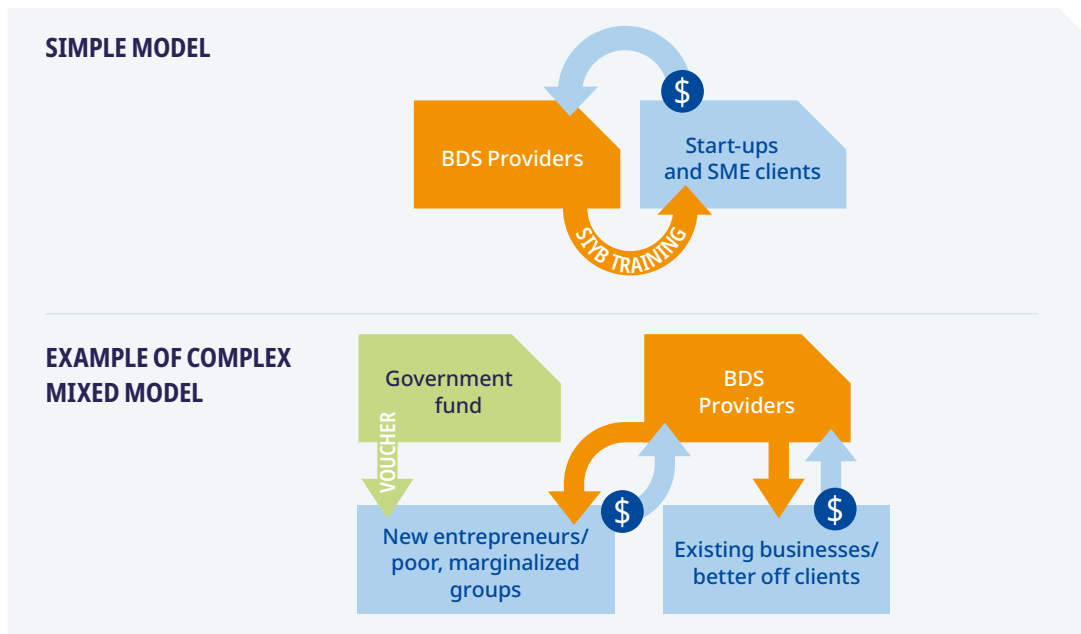
In its most simple form, business models of private entities foresee clients of trainings and related services paying directly for these services. Mixed models on the other hand usually involve private sector led-training provision to capitalize on private organizations' technical and institutional capacity to provide high quality trainings but also some form of third party payment or subsidy to ensure inclusiveness of training provision.

Mixed models can take many different forms. The more straightforward models may envisage the government designing and financing large-scale training programmes but subcontracting the actual training provision to freelance trainers or private sector entities. An example of such a model can be found in Peru where the governments sub-contracts different organizations to deliver trainings (see Box 5). Alternatively, the government may allow private sector entities to design and execute trainings as they see fit but provide subsidies to the private sector, particularly for trainings provided to specific population groups.

In its ideal form, mixed models would foresee a collaboration between private specialized BDS providers and government entities to deliver high-quality trainings adapted to the context and needs of different population groups, but affordable and accessible to all including poor and marginalized population groups. Such a model could, for instance, see training services be designed and provided primarily by private BDS providers who charge a fee for their services in order to recover costs and make a profit. BDS providers would operate in a competitive market and thus have a high incentive to provide quality services that respond to the needs of specific enterprises and entrepreneurs.

In order to keep their market share, the private BDS providers in question would be required to keep up with new developments, adopt and adapt new tools and approaches, invest in training material and human resources, as well as develop a solid marketing strategy to reach out to and convince potential clients.

Figure 5: Simple payment models vs mixed models



Governments, at the same time, would provide targeted subsidies for clients otherwise excluded from these services. To ensure effective targeting, subsidies could be offered in the form of vouchers provided to small enterprises and entrepreneurs in need directly. Under such a voucher scheme, it would be possible to offer different levels of subsidies depending on the capacity for payment of different population groups. While vouchers for services at a reduced price could be distributed to aspiring entrepreneurs or micro enterprises, vouchers for free of charge services may be given to the very poor or extremely marginalized population groups. BDS services would be offered at full price for clients with a high capacity to pay. These will likely include also existing medium-sized enterprises and high-growth enterprises as well as aspiring entrepreneurs with a higher capacity to pay for services.

This kind of partnership requires not only close collaboration based on mutual trust and a common objective between different public and private entities but also data on training needs and the capacity to pay among different target groups. It would fall primarily under the responsibility of relevant government agencies, possibly with strong involvement of the private sector, to collect data on the needs and payment capacity of different population groups and decide on a comprehensive strategy to offer different kinds of vouchers to different population groups. Any strategy would also need to entail a plan to effectively distribute vouchers to the respective population groups. The challenge here is finding ways to distribute vouchers to different target groups in need of these while ensuring these population groups do indeed use and not sell vouchers. To ensure a well-functioning system, it is necessary to find ways to distribute vouchers not as widely as possible, but directly to people that are actually interested in using these vouchers.

While mixed models have many advantages, they are also much harder for development organizations to broker. Under pressure to deliver quick results, development projects often tend to partner with one specific organization for a quick roll-out. Promoting a mixed model on the other hand would require organizations to carefully analyze the extant support ecosystem, identify the right public and private institutions, and broker relationships between those organizations to build a sustainable system for service delivery over time. The following section will explore in more detail how to identify the most adequate delivery model and partner organizations for sustainable training service delivery.

Box 5. Blended model for training delivery – the case of Peru

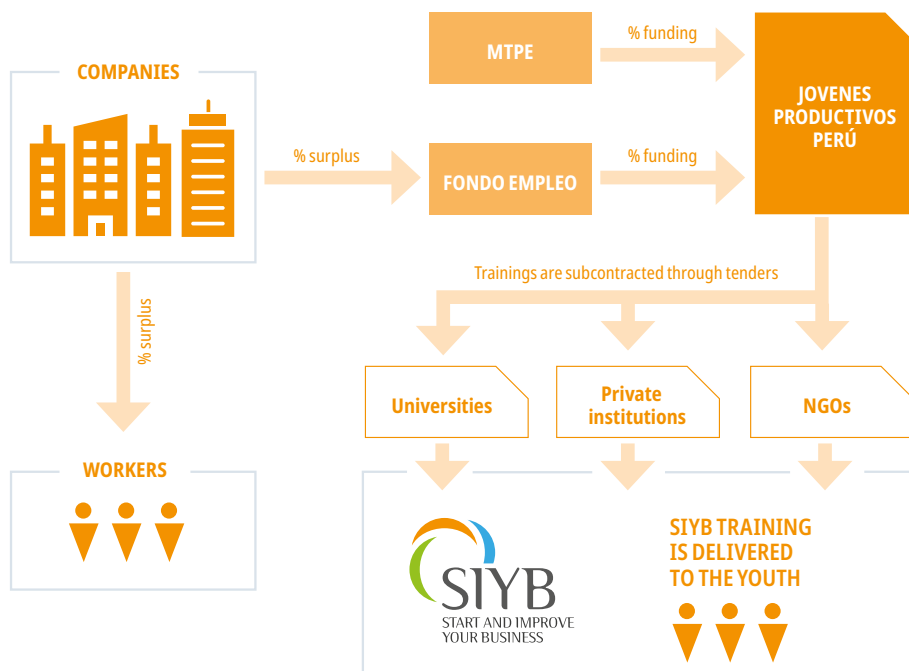
In Peru, the Ministry of Labour and Employment Promotion (MTPE) uses SIYB for entrepreneurship development and training targeting youth (15-29 years) living in vulnerable conditions. The Productive Youth Programme started as a pilot in 2010 in three regions, and has been expanded to 20 of the country's 24 regions, in both urban and rural contexts.

Under the scheme, public and private institutions collaborate to deliver high-quality trainings to youth: the Peruvian government is responsible for the eligibility and funding of the training program, and subcontracts the training provision to institutions through tenders. The institution that wins the tender (mainly public and private universities, and NGOs) is responsible for training delivery by SIYB certified Trainers to the selected participants.

The Programme is financed by a combination of Government funds and resources from the “Fondo Nacional de Capacitación Laboral y Promoción del Empleo” (FONDOEMPLEO). The Fund is maintained through contributions from companies, and surpluses received by FONDOEMPLEO are used to promote employment and capacity building of youth living in vulnerable conditions.

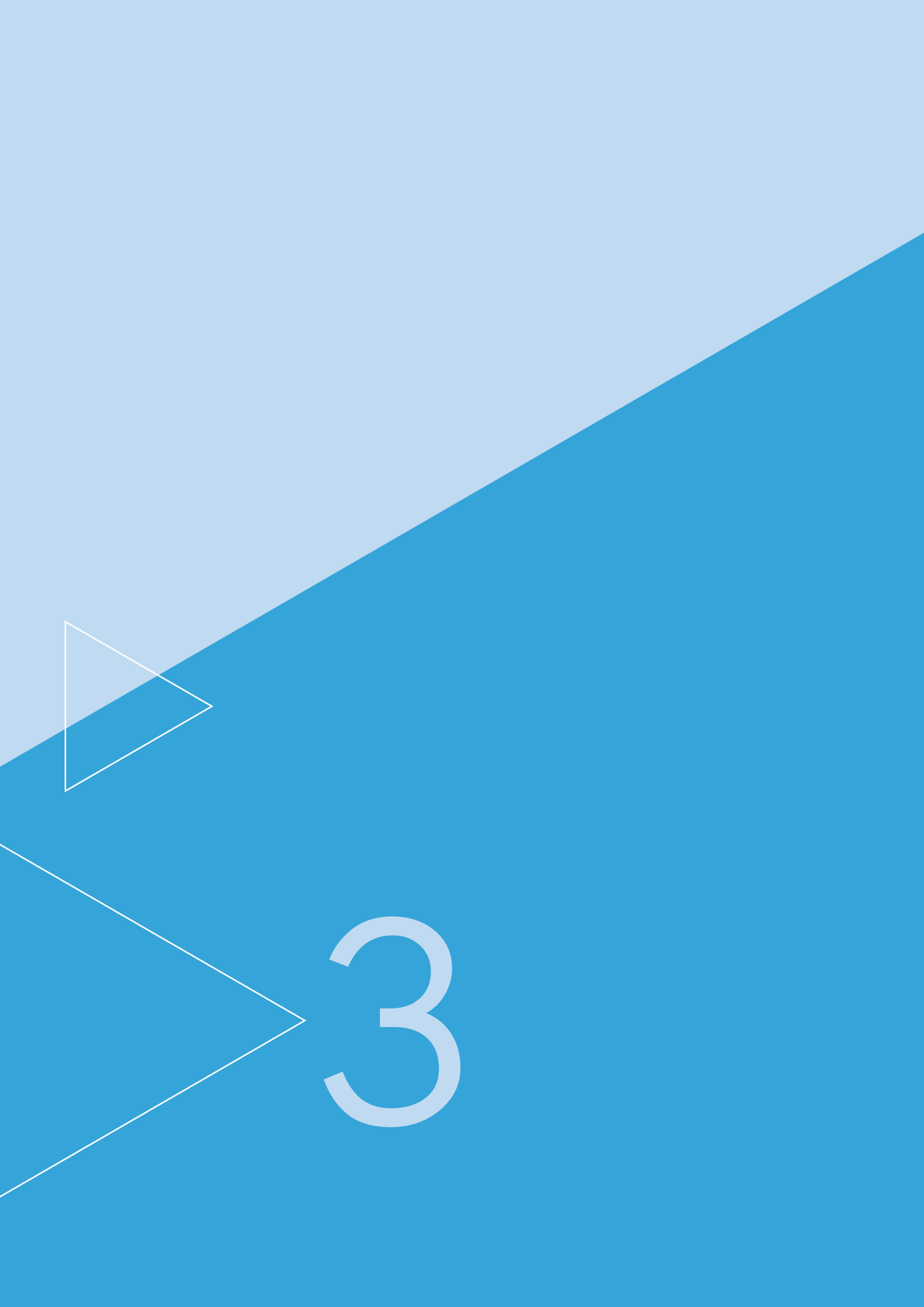
The MTPE model was able to ensure roll-out of SIYB trainings on a massive scale for 10 years, with a growing network of around 600 active SIYB Trainers in a broad range of BDS providers. During the years 2011 to 2015, the programme trained 11,489 participants in SIYB, resulting in the creation of 6,480 new enterprises. 74% of businesses are still running after the first year and, in addition to the self-employment created by the new enterprises, over 75% of these businesses have created between 1-2 additional jobs.

Figure 6: the Peruvian blended model



Key take-aways

- ▶ Public organizations are in theory in a better position to design inclusive large-scale training programmes for different population groups. In many low-income countries however, public institutions may struggle to pay for continuous service provision or do not dispose of the technical and institutional capacity to maintain high-quality training provision.
- ▶ Private institutions on the other hand often have a natural financial incentive to provide training services and ensure high quality service provision. Their profit-orientation will however mean that they naturally target clients that are able to pay, which risks leaving poorer or marginalized population groups excluded.
- ▶ Promoting mixed models can be a good way of combining the strengths of public and private institutions. Mixed models foresee private and public actors working together based on their respective strengths to deliver trainings that are inclusive, sustainable and of high quality. Promoting mixed models requires a thorough analysis of the prevailing ecosystem in order to identify the right institutions and broker relationships between these.



► Planning for sustainability

Promoting entrepreneurship trainings that are institutionally, technically and financially sustainable while at the same time inclusive and adapted to needs and capacities of different population groups is not an easy task. Far from merely concentrating on running training of trainers processes with any given partner organization, it requires projects to develop a solid sustainability model that is adapted to the local context and based on a thorough understanding of the local entrepreneurial ecosystem and the capacity and incentives of different public and private organizations in it.

In order to design and implement such sustainability strategies successfully, three things are of particular importance. Projects should aim to:

- a. Select a **model for sustainable training provision** that is adapted to the context and project objectives and based on a thorough understanding of the local entrepreneurial ecosystem as well as needs and capacities of the population
- b. Understand capacities and incentives of different public and private organizations in order to **identify the right partner organization(s)** within the ecosystem that are best-placed to offer high quality trainings beyond the duration of a donor-funded programme
- c. Work with the partner organization(s) beyond the initial training of trainers' process **to develop a solid business model** and, depending on needs of the partner organization, build capacity for sustainability or explore options to reinforce incentives for training provision.

3.1 Choosing the model for sustainable training delivery

As discussed in the previous chapter, both public and private led training service provision have certain advantages but also specific setbacks. Mixed models are often a good way to combine the strengths of both sectors while minimizing the pitfalls. However, complex mixed models are also harder to broker for projects, particularly in contexts characterized by mistrust between the public and private sectors.

Which specific model is best suited depends on the specific context, capacities and incentives of existing public and private institutions, as well as needs of the population group that is to be reached. While no blueprint exists, the decision should in all cases be based on a thorough understanding of the local context and the strengths and weaknesses of different local organizations. Conducting a rapid assessment with a quick check of capacities of different organizations at the outset of the project is thus highly advisable.

Much depends on the project's objective and in particular on the specific population group that the project seeks to reach. Whenever projects aim to **support opportunity entrepreneurs and already existing enterprises** that are in a better position to pay for services, a private sector driven training delivery model can have many benefits. Trainings and related support services are often more likely to be sustainable and of continuous high quality if run by specialized for-profit entities that will have to make an effort to offer services of quality in order to maintain their market share.

This does however not mean that government entities have no role to play. Quite to the contrary, governments and specific public entities are required to shape the overall regular framework for private sector training provision to work well. They may wish to collaborate with private entities to collect data on the impact of different support services, set standards and develop certification systems to ensure support services are of consistent quality. They may also wish to provide different forms of

support including through campaigns to ensure that information about available trainings reaches all potentially interested parties.

It should also be noted that, even when services are aimed at supporting population groups with a capacity to pay, promoting private sector-led training delivery is a challenging endeavor in countries and regions characterized by heavy donor presence. If development organizations or public sector agencies offer trainings free of charge to the same population group, then it will be hard for private sector entities to charge for these trainings. Nevertheless, evidence from Myanmar, Benin and other countries demonstrates that it is possible to offer SIYB trainings on a cost-recovery basis even in highly distorted markets. Promoting private-led service provision in these countries often means finding ways to convince potential clients of the benefits of high-quality trainings delivered by specialized institutions.

When the objective is to **support poor, marginalized or vulnerable necessity entrepreneurs** that lack the capacity to pay a significant sum for the training, strong arguments in favour of involving the public sector exist. This is the case especially if such population groups are situated in rural areas that are hard to reach and/or require support to launch a small business or income-generating activity through GYB and SYB training modules.

However, how specifically the public sector can and should be involved depends largely on capacities and incentives of different organizations and their ways of working together. If, as in the case of China, public sector entities exist that have the financial and institutional capacity to maintain high quality training provision beyond the project duration, then much can be said in favour of partnering with that institution.

However, particularly in countries and regions with high poverty rates, capacity of public institutions is often weak and projects are confronted with the double-challenge of promoting entrepreneurship training delivery for poor population groups while facing a public sector that has little capacity to deliver such trainings sustainably. In this case, looking into the option of brokering some form of mixed models may be advisable. Entrepreneurship training provision can for instance be led by private sector entities but subsidized in some form by the public sector through either voucher schemes or subsidies to private training providers directly. Another possibility is to promote trainings that are organized and financed by public sector organizations but that rely on a network of specialized freelance trainers to provide the training. In this case, the project would focus on training and certifying a pool of freelance SIYB trainers and then work with the responsible public organization(s) to create an adequate framework that ensures inclusiveness of these trainings either by developing voucher or subsidy schemes or by supporting these public organizations to offer trainings for poor people with temporarily contracted freelance trainers.

The above scenario assumes however that the public entity in question has at least a minimum of financial resources that would allow them to recruit freelance trainers on a temporary basis. This is unfortunately by no means a given and in many low-income countries the public sector has neither the capacity nor the resources to deliver trainings sustainably. Projects wanting to offer trainings to poor and marginalized population groups thus face a particular challenge and, realistically, no magic solution exists to make this happen. However, rather than blindly partnering with any given public agency and just hoping for the best, more strategic ways of partnering and working with the right organizations can be found.

To start with, as the example of private sector-led training provision in Myanmar demonstrates, it is possible for the private sector to offer trainings on a cost-recovery basis even when targeting relatively poor people in rural areas with GYB and SYB trainings. Working with private entities and/or associations of freelance trainers and supporting them in extending their client base and making trainings affordable for all population groups while also profitable for providers can thus be an option for projects. Even if private sector entities turn out to be unable or unwilling to continue training provision to poorer population groups for affordable prices after the project intervention ends, much can still be said in favor of building up a pool of able local private institutions and freelance trainers that can be solicited by the public sector or the donor community to provide high quality trainings.

It is a reality that most low-income countries with weak public organizations are characterized by heavy presence of humanitarian and development organizations and large amounts of donor money

are channeled into the country to provide services and goods to specific groups of people. In a way, and even though this is deplorable, finance from donors and development organizations has in many countries replaced government funding. In this context, building up a pool of qualified and specialized local trainers that can be contracted regularly by donors and development organizations to run trainings for different population groups can be considered an alternative form of a mixed model. As the case of Burundi discussed in Box 6 exemplifies, freelance trainers and private entities might in these situations well be able to offer trainings to existing enterprises and clients with capacity to pay on a cost-recovery basis while relying on donor money to subsidize trainings for poorer and marginalized population groups.

Box 6. Offering SIYB trainings for poor rural youth groups in Burundi

ILO launched the project “Rural youth employment in Burundi” in 2012 and focused on offering SIYB trainings to poor youth groups in rural areas to help them launch income-generating activities. A total of 35 trainers from different regions of Burundi were trained and certified in SIYB and asked to roll out different training modules for rural youth. Until 2018, the trainers trained over 2,000 beneficiaries that created an estimated 1,683 enterprises.

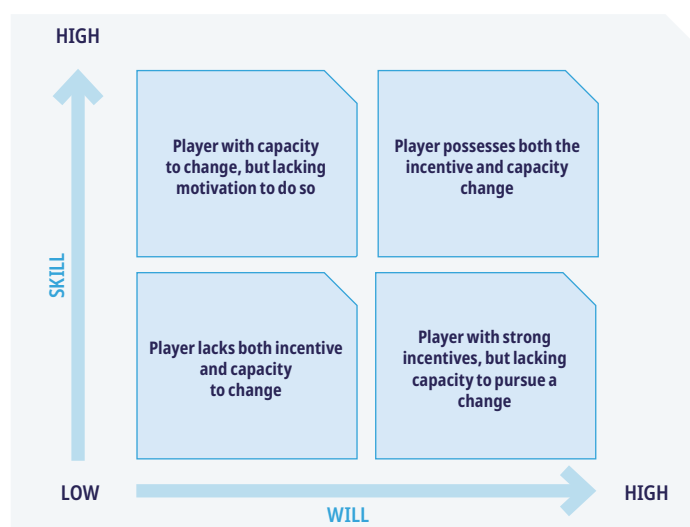
However, after project funding came to an end in 2018, trainers rapidly realized that they could not continue to offer trainings to poor target groups without external financial support. As one of the poorest countries in the world, Burundi’s population, and in particular poor rural youth groups, barely had the means to survive, let alone invest in trainings to build their skills. Offering trainings to these groups on a cost-recovery basis was therefore not going to be possible. Instead, SIYB trainers in Burundi decided to get together and develop a strategy to market SIYB training to the many donors in Burundi to obtain financing.

Trainers in Burundi created the Association of SIYB trainers in Burundi (Association des Formateurs GERME du Burundi - AFOGER) and joined forces to promote SIYB in the country. They actively approach donors to fundraise for training activities and have developed marketing material to make SIYB and its impact known to the donor community. The Association has developed a logo and a flyer with information on SIYB that can be distributed to donors. A short [video](#) was developed to explain the SIYB methodology and generate the interest of donors. As of today, the Association is active and continues to train entrepreneurs in Burundi financed by various donors.

3.2 Selecting the right partner organization

Whatever sustainability model is chosen, it is always important to identify the specific public or private partner organization(s) that have the capacity and willingness to take SIYB trainings forward beyond the duration of the project. To make an informed decision, it is often necessary to conduct a quick assessment of the capacity, experience and interest of different potential partner organizations. To do so, it is useful to borrow tools from the Making markets work for the poor (M4P) approach, and in particular the “will-skill-framework” (Figure 6), a framework that can be used to identify partner organizations that have both the incentive (“will”) and the capacity (“skill”) to offer high-quality SIYB trainings on a sustainable basis.

Figure 7: The will-skill framework



Source: the Springfield Centre (2015): M4P Operational Guide

Based on this framework, potential partner organizations (PO) can be classified into different categories:

- ▶ **High will, high skill:** organizations that have both the incentive and the capacity to offer SIYB trainings. These organizations are ideal candidates to become SIYB POs.

- ▶ **High will, low skill:** organizations that have strong incentive to roll out SIYB but are currently lacking the capacity to do so. These organizations might require capacity building to become ideal partners for SIYB.

- ▶ **Low will, high skill:** these organizations have the capacity to roll out SIYB but are currently reluctant to do so as they either do not have an interest or do not see an advantage. Depending on the specific constraints these organizations face, options might exist to either help these organizations see the potential benefits of rolling out trainings or reduce the risk of them offering these new training services.

- ▶ **Low will, low skill:** these organizations have neither the capacity nor the incentive to offer entrepreneurship trainings. Ideally, it is best not to collaborate with these organizations for SIYB service provision.

Using this framework, it is possible to classify potential partner organizations according to the above-mentioned four possible categories. If organizations are classified as **“low will – low skill”**, then collaboration is unlikely to yield the expected results. In many low-income countries, public organizations with weak capacity and limited financial resources will unfortunately fall in this category. Their capacity to provide entrepreneurship training is often low as staff do not possess the right skills profile and financial resources to invest in human capital and training material are limited. At the same time, they also do not usually have a natural incentive to provide these trainings since their survival as an institution does not depend on it.

Similarly, many NGOs can also be categorized as “low will – low skill”, particularly in contexts characterized by heavy presence of humanitarian organizations. In these contexts, NGOs often replace government agencies to some extent and offer a variety of services needed by the local population. But in an effort to fulfill a whole range of roles demanded by donors, NGOs often end up dispersing their efforts, leaving little capacity to specialize in entrepreneurship support measures. In addition, NGOs usually provide services only if donors finance these. They therefore do not have a natural incentive to continue training provision once donor money subsides.

It can be difficult for projects to differentiate clearly between the ‘interest’ manifested by certain NGOs to become entrepreneurship trainers, and their natural ‘incentive’ to offer entrepreneurship trainings. Many NGOs may be highly interested and motivated to participate in training of trainer programmes, particularly if these are offered free of charge. However, this does not automatically mean that these NGOs have a natural incentive to provide entrepreneurship trainings sustainably. Most NGOs will require external funding from donors to provide trainings and will stop doing so when donor funding subsides. Care should thus be taken not to confuse organizations’ ‘interest’ with their ‘incentive’ (see also the Box on incentives on the next page). If NGOs are found to be ‘low will- low skill’, it is advisable to stay away from collaborating with these institutions and find other strategies to work towards sustainable and inclusive quality training provision.

If partner organizations exist that can be categorized as **“high will – high skill”**, then it is advisable to partner with them. Organizations that fall in this category may comprise certain public sector entities in certain countries. For instance, as discussed in chapter 2, public institutions that provide loans and financial assistance to entrepreneurs often have a natural financial incentive to offer entrepreneurship trainings in order to reduce the risk of lending to entrepreneurs. In many countries they also dispose of staff that already has a good understanding of business management and might even already provide trainings on financial education and related topics. The ‘high will – high skill’ category can however also comprise other public institutions that for any given reason are highly motivated and able to provide entrepreneurship trainings.

Whenever the objective is to provide trainings to already existing small businesses or ‘opportunity’ entrepreneurs that are highly motivated to start a business and hence willing to pay for support, private sector entities often fall into the “high will – high will” category. As previously discussed, these

entities usually have a natural incentive to provide high quality training in order to recover costs and generate profits. Often these organizations are also specialized in entrepreneurship support services and thus have the required capacity to roll these out in a professional manner.

However, if the objective is to provide trainings to 'necessity' entrepreneurs, population groups with low capacity to pay and/or groups in rural marginalized areas, these entities might not have a natural incentive to do so. The same private entities that were classified as "**high will – high skill**" in the previous case, will need to be categorized as "**low will – high skill**" when it comes to providing training for poor, marginalized or 'necessity' entrepreneurs. As specialized private entities, they would likely have the capacity to provide trainings to these groups. But they might not have an interest, or simply not see the interest in providing trainings to population groups with low capacity or willingness to pay. In this specific case, understanding the reasons why these organizations do not currently have an interest in this particular market and working with them to build incentives for training provision should be considered, as will be discussed in more detail in the next section.

Box 7. The tricky business of understanding 'incentives'

Capacity and incentives are central terms when trying to select the right organization for sustainable training provision. Whereas the meaning of the term capacity is usually clear and levels of capacity of different organization can even be measured through sets of proxy-indicators, the term incentive is less clear and often creates confusion.

Incentives usually refer to what motivates a person or organization. The most obvious and often most motivating kind is a **financial incentive**. For instance, when bonuses are provided for outstanding performance of employees, these usually motivate them to work harder. In the realm of entrepreneurship training provision, private training providers usually have a strong financial incentive to keep offering trainings as it provides them with revenue.

However, incentives can take other forms. **Moral incentives** refer to a situation where doing something results in appreciation and elevation of social status while failure to do something may result in condemnation from society and even social exclusion. Some people also experience **intrinsic incentives** whenever they are motivated to do something because it makes them feel good.

Understanding incentives of potential partner organizations is thus a tricky business and it is important to realize that incentive structures are often hidden and more complex than initially assumed. Incentives of organizations and employees of these organizations, for instance, are not to be confused with the mandate of a certain organization. An organization may well have the mandate to provide free of charge support services to entrepreneurs but in contexts where employees are underpaid and corruption is rampant and goes unpunished, employees might have a strong incentive to ask clients for money in exchange for these services.

Similarly, interest of an organization to participate in a training of trainers process does not necessarily mean the organization has an incentive to provide training, especially if training of trainers process are fully funded by the project. Many NGOs, for instance, might manifest strong interest but would not have natural incentive to provide trainings sustainably. Often, the only way to test the actual interest of an organization is to require organizations to invest a significant amount of money, time or material on their own.

Organizations categorized as "**high will – low skill**" could be public or private entities that have an incentive and interest to provide these kind of trainings but still somewhat lack the capacity to do so. It should be noted clearly at this point that "low skill" in this context does not mean "no skill". Organizations that have no capacity to provide entrepreneurship trainings, either because their employees are not sufficiently qualified or because they do not possess the required infrastructure, should not be considered as possible partners for SIYB training delivery. If projects are required to collaborate with such institutions for any reason, then helping them find an adequate role in some form of mixed model will be more suitable. This could involve for instance supporting them in organizing trainings that are delivered by qualified freelance trainers.

If however, organizations do possess some capacity and are highly motivated to offer SIYB trainings, then projects can and should work with them to build capacity further and move them up to the "**high will – high skill**" category. In many cases, organizations might already have experience with the provision of similar entrepreneurship support services or trainings on other topics but might lack experience in the provision of entrepreneurship trainings specifically. Often, organizations are then unsure on a number of issues including on how to maintain and adapt training materials, how to cost

and prize these trainings, how to select clients and/or how to develop marketing strategies to reach out to these. Working with them to build their capacity and developing solid long-term business models that consider the above-mentioned issues will help to prepare them for sustainable training service delivery.

In summary, whereas “low will – low skill” organizations should be avoided and working with “high will – high skill” organizations should be rather straight-forward, collaborating with organizations that fall into either of the other two categories will require projects to work with them to either build capacity or create incentives for sustainable and inclusive training provision. How to do so is the subject of the final section of this guide.

3.3 Building capacity and incentives for sustainability

Whether a private-led, public-driven or a mixed model is chosen, it is in all cases recommended to work with the partner organizations beyond the mere training of trainers process to ensure that the organization(s) in question has a business plan and long-term strategy in place to deliver trainings of high quality and on a sustainable basis. The will-skill exercise can help projects to categorize potential partner organizations and understand what exactly can be done to help them provide trainings in a sustainable and inclusive manner. While organizations that already rank high on both the will and skill axes will likely only need minimal support, organizations that are low on capacity or on incentives will require additional support to bring them up to the “high will – high skill” category.

a. Building capacity

For organizations in the “high will – low skill” category, measures beyond the training of trainers process are often needed to build institutional capacity and to help them to develop solid business models for training delivery. Depending on the context, support can be provided in the form of workshops, trainings and/or continuous advice provided to relevant managers and staff at different levels of the organization. The focus of capacity building measures will naturally depend on the already existing capacity and experience of any given organization. However, it should in all cases result in a solid business model for long-term sustainable training provision that takes into account a variety of important issues.

Deciding on a market niche and **identifying potential clients** is of key importance for any organization. Whether the project collaborates with a public or private organization, it is crucial in both cases for the organization to have a solid understanding of the market of entrepreneurship support services, including the existing supply of relevant services and the demand for these kind of services. Based on this knowledge, the organization can then find its own niche and decide on specific population groups that should be reached as well as on **specific services** that will be offered to them.

To ensure that offered services appeal to potential clients and respond to their needs, any organization should have a clear understanding of their potential clients’ capacities. It is therefore often a good idea to work with organizations to support them in conducting quick assessments of the demand and supply of entrepreneurship support services. Helping organizations understand why it is important to monitor changes in the demand and supply of services to respond to changes by adapting training services and material accordingly is of equal importance.

Once an organization identified potential clients and services that will be offered to them, it is important for both public and private organizations to develop a **marketing strategy** that would inform potential clients about these services. Particularly when targeting necessity entrepreneurs this should entail arguments to convince potential clients of the benefits of the services offered. A comprehensive marketing strategy will likely involve different messages and types of media for different target groups. Developing a marketing strategy might come natural for private entities, while public agencies might struggle to understand the need and require more capacity building in that area.

While projects usually (co-) finance the initial training and certification of trainers, ensuring the institutional sustainability after the project comes to an end is the responsibility of the partner organization. This also entails a strategy to invest in **human resources** and continuously train and certify new trainers to make up for trainers that might retire or leave the organization for other reasons. Beyond ensuring that a sufficient quantity of trainers is available at all times, it is also an integral part of any human resource strategy to ensure the quality of human resources. It is therefore a good idea to plan for regular refresher workshops for trainers and ensure that these have sufficient time and resources to learn and innovate, including on new teaching methods and contents.

Closely related to the issue of human resources, the planning for **financial resources** deserves special attention in any capacity building intervention. Continuous investments in human capital, training material and marketing strategies are only possible if adequate resources are set aside from the outset. It is thus important to work with partner organizations to ensure that the organization has a realistic understanding of the costs involved and find ways to ensure sufficient resources are available. Financial sustainability strategies will inevitably look different for public and private entities.

Public entities will likely rely to a large extent on public funds. Ensuring financial sustainability in this case means knowing about future costs and earmarking sufficient budget to cover these. This might also mean lobbying for additional funds from relevant line ministries and governments or alternatively donors. Even for public agencies, possibilities exist to recover training costs at least partially by offering services against a fee, possibly not to all but some clients. As previously highlighted, asking for fee in exchange of services, even if only symbolic, has the positive side effect of ensuring that only actually interested and motivated clients attend trainings.

Private entities, in contrast, will have to focus on full cost-recovery and hence develop a solid strategy for **costing and pricing** of offered services. Prices will have to be set in a way to be both affordable for the target clientele while being sufficient to cover any costs associated with the training and allowing for a profit. Pricing strategies will therefore likely be complex and require different prices set for different services and clients targeted based on a solid understanding of clients' needs and payment capacities.

Finally, for both public and private organizations, it is important to be able to showcase results and achievements. While private organizations that can demonstrate a high success rate will likely attract more clients, public organizations have an interest in showcasing their success to earn approval and potentially more funding from higher-level government officials, and to earn favorable opinions and support from the general public. It is thus crucial to set up a solid **monitoring system** that enables any organization to track clients after the training and collect data on start-up rates, jobs created as well as business performance. The SIYB programme comprises forms and tools to collect data of clients following the training. However, in order to establish a solid monitoring system, it is necessary to develop a detailed plan for data collection as well as (digital) tools to consolidate and analyze the collected data.

b. Reinforcing incentives

Organizations in the "high skill – low will" category are deemed to have the necessary institutional capacity to roll out SIYB trainings sustainably but might need additional incentives or help to see the interest of providing trainings to specific population groups. While it might in some cases still be a good idea for projects to work with these organizations also on any of the above-mentioned issues to ensure that a solid business model is in place, measures in this case should focus on reinforcing incentives for these organizations.

Often, specialized private entities will fall in the "high skill – low will" category if poorer population groups or 'necessity entrepreneurs' are to be reached. In this specific case, understanding whether these private entities indeed do not *have* an interest in providing trainings to specific population groups or whether they do not *see* the interest of doing so yet will be key to determine what measures are needed to reinforce incentives. If organizations do not *have* an interest, for example if the provision of trainings to certain population simply would not be profitable for them, then finding ways to provide them with 'artificial' incentives will be the only option of moving them to the "high will – high will" category. This could be by working with governments and specific public organizations to

provide financial incentives, for instance in the form of vouchers or subsidies. As previously outlined, in contexts where public organizations do not have the financial resources necessary to provide these financial incentives, relying on donor money to provide temporary incentives is a sub-optimal option but in some contexts the only feasible one.

In many cases however, private “high will – low skill” organizations might already have financial incentives, but have not realized this yet. As the cases of Myanmar and Benin exemplify, provision of trainings to poorer rural target groups can often be organized on a cost-recovery basis. However, organizations may have the impression that providing trainings to these groups cannot be profitable due to low capacity or willingness of these groups to pay for training services. In this case, collaborating with organizations to conduct surveys on the people’s capacity and willingness to pay to assess the potential profitability of training provision to these groups may convince them to enter the market.

In other cases, support will be needed to help such training providers identify and target clients in order to generate interest and demand for trainings from poorer population groups. Training providers in both Myanmar and Benin were able to create demand for trainings by investing in short sensitizing trainings and other measures to demonstrate the benefits of these training to potential clients. They also used these events to identify entrepreneurs willing to invest further in their business skills. Supporting training providers in designing and implementing effective strategies to sensitize and target potential clients effectively can be key to financially sustainable training delivery in these cases.

Some potential partner organizations may be aware of an opportunity to provide training to certain population groups but are reluctant to enter a market that is associated with higher costs and perceived as high-risk. In this case, projects may be able to work with them to convince them of the benefit, for instance by buying down the risks of entering new markets temporarily. This could be done by providing guarantees to cover potential losses of these training providers for a certain time-period. Such a risk-free learning period might allow providers to enter the market, learn and fine-tune their business model until they are confident and ready to offer these trainings on a cost-recovery basis.

If projects aim to support poor and marginalized target groups, they have without a doubt an obligation to promote provision of these services sustainably but also in a manner that is affordable to the targeted population groups without exploiting their vulnerabilities. There are thus many arguments in favor of subsidizing trainings to the poorest population groups if such a possibility exists, even if offering these on a cost-recovery basis would be feasible. As previously outlined, this should preferably involve some form of subsidy from public entities or, if not possible, donor money.

As discussed, the category of “high skill – low will” organizations might in some cases also entail public or private financial institutions that have not yet realized that providing trainings to their clients, in addition to loans and financial services, can help them reduce lending risks and increase repayment rates. In this specific case, organizing exchanges with other financial institutions that have ventured into training provision and can testify to its benefit might already be enough to convince institutions. If not, subsidizing these trainings provided by financial institutions for a certain time and then monitoring the impact these trainings have on clients and their ability to pay back loans can convince these institutions to enter the training market permanently.

Overall, reinforcing incentives of potential private and public partner organizations is not a straightforward process. It requires projects to gain a thorough understanding of interests and underlying incentive structures and design measures to respond to these. Reinforcing incentives for organizations to provide trainings to certain population groups will in some cases require some form of mixed model. In other cases, temporary subsidies or guarantees, support for market research, or measures to sensitize and identify potential clients will be needed. However, once these models are set up and reinforce incentives of partner organizations to enter a new training market, results are usually sustainable. In some cases supporting one organization with the above-mentioned measures might even incite other similar organizations to follow and start offering new training services for specific population groups as well.

Key take-aways

- ▶ In a first step, it is key to select a **model for sustainable training provision** that is adapted to the context and takes into account project objectives as well as needs and capacities of the population. When targeting poorer necessity entrepreneurs, models that involve the public sector can have many advantages whereas opportunity entrepreneurs may benefit from private-led support service provision. Complex mixed models can be a good way of combining strengths of different public and private institutions.
- ▶ In order to **identify the right partner organization(s)** within the local ecosystem, it is important to understand capacities and incentives of different public and private organizations. A rapid assessment of capacities and incentives based on the 'will-skill' diagram can generate useful information to this end.
- ▶ Working with the partner organization(s) beyond the initial training of trainers' process **to develop a solid business model for sustainable training provision** is important. Depending on results of the 'will-skill' exercise, projects may partner with local organizations to build their capacity for sustainability or explore options to **reinforce incentives** for training provision.



Conclusions

Sustainability is an explicit goal of most development projects including ILO's SIYB entrepreneurship training projects. The underlying idea of SIYB projects is to train and certify SIYB trainers in local public and private organizations who will then take ownership of the training programme and offer SIYB trainings and related services sustainably and in an inclusive manner. Despite good intentions and exit strategies that are developed on paper at the outset of the project, many projects ultimately fail to promote entrepreneurship trainings sustainably.

Reasons for this differ. Often, projects are subject to political pressure to partner with specific organizations when local governments have a clear preference and project managers are reluctant to jeopardize long-standing good relationships with the local government and relevant public institutions. In other cases, donors that fund the project have a clear preference for specific organizations or simply force projects into hasty decision-making that leaves no time for a thorough analysis of the entrepreneurial ecosystem and capacities of different organizations.

Other times, project managers are driven by idealistic considerations and choose to collaborate with certain institutions due to deeply rooted beliefs that these organizations should be doing certain things. These beliefs may well have been shaped by experiences made in other countries and regions where things have worked out a certain way. Failure to recognize that certain organizations are unable or ultimately simply unwilling to provide these services in the long run will mean that projects spend significant amounts of time and money building the capacity of institutions that will ultimately not take entrepreneurship trainings forward.

This document aims to provide guidance for project managers to plan for sustainability and design the right sustainability strategy from the outset of the project. As outlined in this document, doing so means recognizing that sustainable service provision is often not only driven by one single organization but in many cases a result of different public and private organizations working together and using their competitive advantage. It also requires a thorough understanding not only of capacities of different local organizations but also of the incentive structures to which they respond. Understanding incentives is key to understanding why organizations and employees of organizations act the way they do. Finally, this document outlines that in most cases, projects will need to engage with partner organizations beyond the mere training of trainers process to either build their capacity or reinforce incentives in order to achieve sustainable training provision.



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