

# Performance and Sustainability of Business Development Service in Micro and Small Enterprises: in case of zonal cities of Tigray region

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**Abstract:** Micro and Small Enterprise are the main income generating activities. To help MSEs to operate effectively and contribute to economic growth, they need a wide range of Business Development Services (BDS). BDS includes short-term training, business counseling and advising, market opportunity creation, product design and technology, and market premises, among others. The objective of this research was measuring performance level of BDS providers, in terms of achieving increased impact, expanded outreach and sustainability. This research covered five zonal cities in Tigray. These zonal cities represent government organizations only. An assessment guide used in this research was a Performance Measurement Framework (PMF 2001) that proposes a set of quantitative and qualitative indicators and methodologies for collecting and reporting performance information for BDS providers focused on MSEs. The sample size was 150 MSE operators and 45 BDS Providers. The number of MSE operators in each zone cities, and in each of the selected BDS providers was with equal representation of sectors. Sample MSE operators in each of cities and offices were selected through a stratified proportional sampling method, after purposeful determination of cities and BDS Providers. Consumer survey, providers survey, and for head of BDS provider interview were major instruments used to collect primary data. The results of the study revealed good performance in one component, and inadequate performance in another area. The BDS services are at an infant stage of development in Tigray. The selected BDS providers enabled big majority of their target groups to acquire, apply and benefit from their services. Their performance is high in expanding the market for BDS and increasing access of underserved groups to BDS. Level of their performance in achieving BDS providers' sustainability is very low. In most cases BDS are donors or supply driven in nature. Not all benefits of the BDS interventions gained by MSE operators were as intended by the BDS providers. Outreach of the selected BDS providers is low in developing high quality, diverse and competitive BDS market. The BDS providers did not achieve good level of performance in developing high-quality, diverse and competitive market. BDS providers' challenges include: low level of MSE operators' awareness for majority of BDS, unwillingness to pay for BDS, lack of diversity of BDS providers and services, sustainability of BDS providers and services, distortion of BDS market, and limited knowledge of BDS intervention. In general terms, the position BDS market in Tigray might be roughly rated as having weak demand and weak supply status. The currently practiced approach of the selected BDS providers in Tigray was traditional. The institutions should understand their position in the market and develop strategic directions for their interventions accordingly. The BDS providers can also capitalize on their strengths as they are performing well in attaining increased access to underserved groups. The interventions should be designed based on market development principles to stimulate BDS demand and supply conditions; they should also increase the awareness of the society about the importance of BDS specifically for MSEs Operators.

**Index Terms-** Business Development Services, Micro and Small Enterprises, Micro and Small Enterprises Operators, and Business Development Services Providers

## I. INTRODUCTION

Governments of developing countries and donors have initiated interventions to enable Micro and Small Enterprise (MSE) operators solve the Micro and Small Enterprise (MSE) problems.

With increased urban population dynamics of Sub-Saharan Africa (SSA), the importance of micro and small enterprises (MSEs) is also growing. In SSA, given the rapid rural-urban migration and deficiency to absorb this migration, Micro and Small Enterprises (MSEs) have become important urban economic institutions and providers of urban employment (Elias, 2005).

In cities and towns of Ethiopia, Micro and Small Enterprise (MSEs) and informal sector in general are the predominant income generating activities; they have a significant contribution to local economic development and used as the basic means of survival (Elias, 2005).

The World Bank's Committee of Donor Agencies for Small Enterprises Development (Donor Committee) in 2001 identified the most important interventions to enable MSEs to improve their performance. These include making policy environment conducive to enterprise competitiveness, access to financial and non-financial services, and expanding markets for products and services.

The Donor Committee (2001) agreed that Business Development Service (BDS), formerly known as "non-financial service", is one of the most important supports to improve Micro and Small Enterprise (MSEs') performance in developing countries; as a means to achieve higher economic growth, increase employment, reduce poverty, and meet social objectives.

The government of Ethiopia outlined MSEs development strategy in 2004 GC and set up Federal Micro and Small Enterprise Development Agency (FeMSEDA). The regional states also developed MSE promotion strategies based on their context, and in tandem with the federal MSEs development strategy. The states structured Regional Micro and Small Enterprises Development Agencies (ReMSEDA) to facilitate implementation of the strategies. (Gebrehiwot and Wolday, 2004)

In Ethiopia, it is widely recognized that, the government and donors have supported Micro and Small Enterprise (MSE) in a variety of ways, which include both financial and non financial service, they have understood that non financial service currently known as business development services (BDS), is among the important factors that can improve the performance of MSE operators in the country. (Gebrehiwot and Wolday, 2004)

Wolday and Gebrehiwot (2004) revealed that business-like approach to BDS provision for MSEs is a new concept in Ethiopia. The authors clearly denoted that BDS are needed for viable MSEs development as much as micro-finance, yet the field is much less emphasized than microfinance in Ethiopia. BDS in Ethiopia is very limited, and often services are less effective as they are not tailored to the needs of individual businesses (Zewede & Associates, 2002). BDS providers are operating under different modalities, i.e. few working on commercial basis, while almost all of the BDS are fully subsidized and offered free of charge.

Business Development Services (BDS) facilitation has been introduced with great success in Ethiopia since 2001 by about 30 public, private and commercial business development institutions. Nevertheless, BDS delivery on the part of private commercial BDS providers still remains weak and has to be strengthened further, if it is to become sustainable. (Ethiopian Business Development Services Network (EBDSN), 2005)

The Tigray Micro and Small Enterprises Development Agency had taken several measures to support the MSEs sectors. The agency extends its structure down to Woreda level to reach the vast majority of the business people. It also makes a network forum with major stakeholders like Chambers of Commerce, the micro financial institutions, Municipalities and other government organizations.

According to Tigray TVET Industrial extension office, it provides its own business development service using extension agents. Some of the services provided by the office are: business skill and management training, facilitation of market premises, Preparation of

business plans, Information delivery, and facilitation of access to credit and finance institutions, situation Analysis and action plan are done in collaboration with these enterprises.

In Tigray Region the TVET industrial extension office works in twenty two cities of Tigray and mainly focus twelve cities. Those are Alamata, Korem, Macheaw, Mekelle, Wukro, Edaga hamus, Adigrat, Abiadi, Adwa, Aksum, Shire and Humera. One extension agent works with 10-20 business persons per six month. They are working under the seven clusters. Those are wood and metal, textile and garment, construction, small scale agricultures, construction, trade, food processing and automotives.

The Business Development Service is at an infant stage of development in Tigray. The currently practiced approach of the selected BDS providers in Tigray was supply-drive, which is traditional approach. Therefore the expected result from this research was to identify the performance and sustainability level of Tigray BDS, to create awareness for the MSEs the benefits of BDS and the result of this research paper can be input for the policy makers, announcing to private and NGOs BDS providers.

In Tigray Region, studies that explore practices of BDS providers based on performance level are limited. Specifically, as per the information available to the researchers access there are no researches on BDS programs' performances and sustainability of NGOs, private sector, and public sector in Tigray But in Ethiopia there were some researchers such as BDS market were studied at country level for urban centers by Wolday and Gebrehiwot (2004, 2005) and Philipos Ageze in 2006 on performance and sustainability of selected programs in Addis Ababa. The performance level of these interventions in developing good practice is not well documented. It is not widely known to what extent these interventions resulted in increased impact, outreach, and sustainability of BDS to support growth of MSEs. In Tigray Region, there are no reports on programs' that used performance and sustainability measurement framework to evaluate their performance and improve their outcomes. There is a huge gap in having better insights on the challenges and dynamics of the new market development approach to the delivery of BDS and its status in Tigray MSE sector.

## II. MATERIALS AND METHODS

### 1. Research Design and Methodology

Basically the research was designed to be a cross-sectional survey. It is a survey, focusing on BDS providers' performance and status of BDS in Tigray.

### 2. Sources of data

The sources of information for this research were both primary and secondary data. Sources of primary data were the MSE operators, sample BDS providers and BDS facilitators. The main secondary sources of information were reports and studies that focused in Ethiopia in general. These sources provided an overview in Ethiopian situation on MSE support interventions in general and Tigray BDS environment in particular.

### 3. Research Instruments

Research instruments used to generate information on consumption of BDS were consumer survey and BDS Providers survey. After the consumer and BDS providers' survey, there was Interview with the leader of BDS providing institutions to generate information and their view to supplement results of the consumer survey.

### 4. Sampling Design

**4.1 Population, Sample and Sampling Method:** Based on the available data, the number of MSEs Tigray was roughly estimated. Thus, the total numbers of MSEs in the five cities (Machew, Adegrat, Axum, Shire, and Mekelle) were **27267** this selection was based on the number of MSEs Distribution and geographic location.

From these cities **150** MSEs (operators) using BDS were selected based on proportionate stratified random sampling from every city. In addition, to include all the sectors provided with BDS services the known major classification of business (Wood and Metal, Construction, Textile and Garment, food processing, small scale agriculture, Trade and Automotive) were selected in every city based on their proportion from the total operators using BDS in the city and 50 questionnaires were also designed to BDS providers of Tigray region and from these 45 questionnaires were completely filled. The following table shows the number of operators (MSEs) used BDS and samples selected from them.

**Table 1: The MSEs Operators in the five cities of Tigray**

S/n	Name of the Training Center	Plan			Implementation			%
		M	F	Total	M	F	Total	
1	Macheaw poly	1432	1749	3181	1379	1686	3065	96.3
	Macheaw Agriculture	568	431	1009	685	309	994	98.5
2	Mekelle poly	4594	1947	6541	4594	1947	6541	100
	Mekelle Garment	917	8	925	860	8	868	94
3	Adigrat poly	1876	1945	3821	1868	1880	3748	98
	Adigrat SDC	1507	1470	2977	1507	1470	2977	100
4	Aksum Poly	1352	1422	2774	1325	1353	2678	97.5
	Aksum SDC	1150	1150	2300	1518	184	1704	74
5	Shire Poly	2003	2712	4715	1578	2203	3781	80.2
	Shire Agriculture	710	201	911	710	201	911	100
	Total						<b>27267</b>	

Source: Tigray TVET industrial Extension 2013

**Table: 2 Sample distributions**

S/N	Name of the Training Center	Implementation	%	Size
1	Machew	4059	15	22
2	Mekelle	7409	27	41
3	Adigrat	6725	25	38
4	Axum	4382	16	24
5	Shire	4692	17	25
	Total	<b>27267</b>	100	<b>150</b>

## 5. Data Collection Procedures

The data collection tools are as follows:

**Primary Sources:** The primary data was obtained through the questionnaires and Interviews. The type questionnaires were both close and open ended questions. And the types of Interview were also semi structured interview. The questionnaires were designed to 150 BDS beneficiaries or owner of the Micro and Small enterprises of selected zones of Tigray region. These BDS beneficiaries were also selected proportionally from each sector of MSEs. There were also 50 questionnaires to get information's from office of BDS providers. The interview was designed for Tigray leader of BDS providers (extension agents). The respondents were selected from the each city through convenience non random sampling method.

**Secondary Sources:** the secondary data were collected from the following: Reports, BDS manual, Journals and Publications for assessing existing findings.

## 6. Data Analysis

Descriptive research methodology seems more suitable for this research because the theoretical frame for performance measurement of BDS have been clearly explained in different literatures.

### 6.1 Method of Analysis

The methodology used to analysis data obtained through this research was BDS performance measurement framework (PMF 2001) developed by McVay, Miehlabrad, and Canedo in 2001. Increased outreach in terms of scale and access, and analysis for sustainability is made at BDS providers' level. MSE operators are unit of analysis for BDS impact in terms of increase MSE operators' acquisition, increase in MSE operators' application and increase in benefits they have gained from BDS programs.

The research focused on analyzing major BDS programs that were provided in the Zonal cities of Tigray MSEs. The BDS performance measurement analysis covered the following five services by taking widely used definitions of the services. These include: short-term training, business counseling and advising, market opportunity creation, product design and technology and market premise

These products of BDS are more or less provided by many of BDS providers at different scales and modalities in Tigray.

**Table 3: Performance Measurement Framework for BDS**

Concept	Variables	Indicators	
Increased Impact	Increased acquisition of BDS by MSE operators	Percentage of MSE operators satisfied with a business development service	
		Repeat customers (percentage of customers who buy more than once)	
		Reasons for satisfaction and repeat purchase by MSE operators	
	Increased application of BDS by MSE operators	Percentage of MSE operators who applied the services as intended by the program and reported by the operator	
	Increased MSE operators' benefits from BDS	Percentage of MSE operators who experienced business benefits, as defined by the program and reported by the Operator, as a result of the service.	
Increased Outreach (Scale and Access)	Expanded Market for BDS	Number of MSE operators acquiring a service through any method and purchasing a service through commercial transactions	
		Amount of sales/outreach by BDS providers	
		Market penetration: percentage of potential MSE operators market acquiring a service through any method and purchasing a service	
		A program's market share of all services acquired through any method and all services purchased	
		Awareness: percentage of MSE operators aware of a service	
		Reach: percentage of those aware who have purchased a service at least once	
	Develop High quality, diverse, Competitive market		Percentage market share held by the three largest BDS providers in Tigray
			Number of BDS providers in Tigray
			Number of BDS products of the programs
			Retention: percentage of multiple purchasers out of all purchasers
			Satisfaction with last service purchased
	Reasons for purchase, non-purchase, and choice of BDS provider		
Increased		Extent of access: percentage of MSE operators purchasing a service that represent	

	access of underserved groups to BDS	targeted populations of women and micro enterprises Target market penetration: percentage of potential MSE operators targeted who are women and micro enterprises acquiring a service through any method and purchasing a service
	Sustainability	Achieve BDS Provider Sustainability Percentage of supplier revenue from MSE operators Breakdown of sources of BDS providers' revenue BDS providers' financial sustainability (non-donor revenues/total expenses) Ratio of annual program expenses to annual program sales to MSE operators

Source: Mcvary (1999)

**Measuring Performance of Individual Programs**

Based on the objectives of this research; the interventions of BDS providers were measured against impact, outreach, and sustainability of the BDS providers. The information obtained from the performance measurement of BDS providers were used as proxy indicators for BDS development of BDS market and growth of MSEs.

**a) Measuring Impact: Assessing the MSE Operators**

A central aim of most BDS programs is to help MSEs grow, so that they can improve the livelihoods of families, generate employment, and contribute to economic growth. Hence, the PMF 2001 framework is developed to look at the acquisition, application, and direct benefits of business development services (Downing et al., 2003).

This impact measurement framework focused on assessing the existing MSEs' BDS in zonal Cities of Tigray by conducting consumer research and assessing performance of the sample BDS providers. Increase in MSE operators' acquisition of BDS, increase in its application, and increase in benefits from BDS was measured to analyze the status of BDS programs.

**b) Increased Outreach (Scale and Access)**

The analysis of increased outreach of BDS interventions were made through assessment in terms of expanded market for services, development of competitive market and increase access of underserved groups to BDS.

After the survey, the researcher examined the demand for key business service through interview made with BDS Providers head. The interview aimed to explore how consumers perceive, choose, evaluate and value BDS. The interviews were intended to complement with information obtained from BDS users in Zonal cities of Tigray through the consumer research.

**C. Achieving Sustainability**

Assessment of BDS providers made through measuring providers' and services sustainability. The indicators for sustainability include providers' revenue, operational sustainability, and ratio of annual program expenses to annual program revenues.

**V. RESULT AND DISCUSSION**

Regional Micro and Small Enterprise Development Agency (ReMSEDA) was established, as one of the executive bodies structured under Trade and Industry Bureau. Following the formation of the new provisional government, the agency's structure is taken to city and kebele levels.

In this part of the study primary data result will be presented. The total number of observation is 150 BDS beneficiaries and 50 respondents are from BDS providers; the characteristics of the sample will be described since it is a descriptive research

In Tigray the BDS providers are TVET, Tigray Youth Association, Tigray women Association and Trade and industry of Tigray but most of the BDS activities are done by TVET. This study is mainly focused BDS given by these TVET centers. BDS Providers which are providing services in Tigray and selected for measuring their performance through PMF 2001 for the purpose of this research are

ReMSEDA those BDS providers are from zonal cities of Tigray, those Mekelle, Machew, Adigrate, Axum and Shire. The following section provides an overview of these BDS providers.

## **Performance Measurement Framework for BDS**

### **I. Increasing Impact**

#### **1. Increasing Acquisition of BDS**

- a) **MSE operators' satisfaction:** Majority of MSE operators who used the services of the added together were satisfied by all services.
- b) **Repeat Users:** Most of the respondents 104(70.27%) replied that they were used the service more than once and for most of the services.
- c) **Reasons for satisfaction, repeat Use patterns:** Most of the respondents said that the MSEs Operators were satisfied because the services were provided for free.

#### **2. Increasing MSE Operators Application of BDS**

- a) **Application of BDS:** Up to 43940 MSEs operators were applied to BDS through networking 1-5 and group development 25-30 grouping system.

- 3. Increasing MSE Operators Benefits from BDS:** Most of the respondents said that all services except market premises they were benefits more importantly to the MSEs Operators. most of the respondents said that, short term training, business extension service and market opportunity and creation 54(36.49%), 47(39.83%), 50(35.46%) respondents respectively said that the BDS have medium importance for making the business more competitive, 44(34.11%) of the respondents said that BDS have high importance for business competitiveness but for product design and technology and 34(25.37%) of the respondents said that the BDS have low and very low importance for competitiveness for market premises, Most of the respondents that gate manuals were from 6(13.3%) from trade sector, most 44(97.8%) of the respondents said that they gate impotent benefits to have effective marketing strategies, most 40(88.9%) of the respondents said that it was fit with need and wants of the customers, most 39(86.7%) of the respondents said that they made research about the need or the gap of the customers, most 33(84.6%) of the respondents said they that they implemented what they gained from the research, most 37(82.2%) of the respondents said that the training materials or facilities did not available on time. After using BDS 129(86%) respondents said that increases their profits, 128(85.33%) of the respondents said that the sales volume increases and 133(88.67%) of the respondents said that the level of productivity was increasing. The number of respondents recording license 65(43.33%), Customer service 55(36.67%) and governed to law 77(51.33%) replied that replied that BDS have very high impact on these variables.

Acquisition, application and business benefits of BDS have been growing. These developments showed that BDS demand is rising but at its infant stage in Tigray MSE sector.

In general the impact data on BDS application and benefits offer valuable information that helps to improve services, and it provides insight into the relative performance of different services and programs.

### **II. Increased Outreach: Scale and Access**

#### **1. Expanding the Market for BDS**

- a) **MSEs served by the program**
- b) There were **43940** numbers of MSEs that acquired a service by type of services in each of the program. Most of the MSEs operators 437 (62.7%) were started previously, the type BDS that uses at present situation were Short Term Training 106(71.62), Business Extension and counseling 75(55.97%), Market opportunity creation 105(73.43%), Product Design and technology 97(65.99%) and Market Premises 79(57.25%).

- c) **Market Penetration:** The research finding has shown that most of MSE operators accessed the services for free. These are: four packages technology, skill gap, entrepreneur and kaizen. The cumulative number of MSE that have used the services of participant BDS provider is taken from records of the institutions for estimating relative share of the BDS providers in penetrating the market, not by selling but supplying without charging fees.
- d) **Market Share:** As the researcher study the market share of the BDS programs the market share was increasing from time to time because the number of MSEs operators were increasing from to time. Change of the BDS programs 103 (73.57%) users of Short Term Training, 67(54%) Business Extension and counsel, 91(64. 8%) Market opportunity creation, 99(71.74%) Product Design and technology and 57 (44.53%) Market Premises were not changed their BDS providers.
- e) **Awareness:** Majority 144(96%) of the respondents said that they have awareness about the BDS, the level of awareness of BDS programs most of the surveyed MSE operators supplying a service of short term training 81(54.73), Business Extension and counseling 43(34.68%), Market opportunity creation 91(62.76%) and Market Premises 58(42.65%) said that BDS providers were somewhat well and Product design and technology 51(38.64%) responds said that extremely well and 50(37.88%) respondents said that somewhat well. most 27 (60%) of the respondents said that the attitude of customers were medium, majority 34 (75.6%) of the respondents said that there was medium level of attention towards BDS training, most 125(83.33%) of the respondents were gained the information from the government organizations, majority 81 (54%) of the respondents said that they gate from governments organizations, starting time of the MSEs operators were Short Term Training 75(52.08%), Business Extension and counsel 25 (25.25%), Market opportunity creation 57 (40%), Product Design and technology 39 (34.08%) and Market Premises 60(55.56%) were starting Before 18 months, Most of the respondents start their BDS during the last 5 months. Reach indicators show that more than 50 percent of surveyed MSE operates who are aware of the services are reached through BDS providers.

## 2. Developing a High-quality, Diverse, Competitive Market

- a) **Market Share of the BDS Providers:** The numbers of BDS Providers were increasing from time to time as compared to 2001-2003 E.C. Starting 2004 E.C the BDS was transferred from trade and industry bureau to TVET bureau then the numbers of BDS Providers were increasing from time to time but the amount was not clearly stated.
- b) **Number of BDS Providers and Products:** ReMSEDA of Tigray gives mainly four packages technology, entrepreneur, skill gape and kaizen. Under this short term training, Business Extension and counsel, Market opportunity creation, Product Design and technology and market premises. The number of BDS providers are 673 from 1700 TVET teaches. In terms of providing diversified services, these institutions could be mentioned, as they are providing relatively more diversified BDS to MSEs in Tigray. Most 22(48.9%) of the respondents said that BDS have high quality services, Most 23(51.1%) of the respondents said that the BDS have medium status.
- c) **Retention:** Though they are not operating commercially, retention data from respondents of ReMSEDA of Tigray showed very low retention rate for all services. Most of the respondents 104(70.27%) replied that they were used the service more than once.
- d) **Reasons for Use, Non-Use, and Choice of Provider:** The main reasons for using BDS was 71(47.33%) of the respondents said that for business growth, Most of these BDS facilitators and providers have scaled up their interventions in accessing BDS to MSEs since 2005 E.C.

**3. Increased Access of Underserved Groups to BDS:** In Tigray there was a significant contribution to help micro enterprises owned by women in accessing BDS. Overall, of the total 43940 MSEs 18223 or 41.5% were female owned enterprises. In 2005 E.C from the total 211,916 job opportunities 83,539 (39.4) were females. Women and micro enterprises have high access to this service. Awareness rate of this service is high in all programs. The total numbers of job opportunity were **211,916 (39.4%)** in general.

## III. Sustainability of BDS Providers and Services

### 1. Achieve BDS Provider and Service Sustainability

### **a) Percentage of BDS providers' revenue generated from MSEs**

The BDS programs surveyed in this research did not generate any of their revenue from fees paid by MSE operators. None of the BDS providers reported that they have received revenues from sale of BDS to MSEs. Hundred percent of their revenues comes from government budget or straight grants. With regard to future trends, ReMSEDA of Tigray disclosed, they have majority of the Tigray MSEs operators' willingness to pay for BDS is low. Majority 34(75.6%) of the respondents said that they cannot able to purchase the BDS. Most 17(37.8%) of the respondents said that the salary of BDS providers were medium. Most of the 40(88.9%) of the respondents said that there were no any supports that provides for BDS, majority 25 (55.6%) of the respondents said that the relationship between the BDS providers were medium. majority 30(67.67%) of the respondents said they did not gate additional training. As the interview made with the manager of Supporting MSEs in TVET indicates that there was additional training in the summer season but it not enough. They need additional training. Majority of the respondents said that the budget not efficient to prepare different training materials, manuals, computers and other facilities.

### **Challenges of Promoting BDS Market Development**

**Demand side challenges:** BDS demand is rising but at its infant stage in Tigray, MSE sector indicating low level of BDS demand for all services.

**Supply side challenges:** The local government is the largest actor in Tigray BDS market, acting as provider and facilitator. If a leader in the market is providing its services for free, options for other providers to charge fees and work for their sustainability are limited. Control of BDS market by local government with full subsidy rate is not indicating a contribution towards strengthening of the private BDS providers and the BDS Providers have lack of diversity and customization.

**Market Environment Problems:** Absence of clear strategy in enabling NGOs, whether they can charge fees for BDS or not is not clear and others.

### **Conclusion**

Generally the findings of the research revealed mixed results. Holistically, current approaches and performances of BDS providers for MSEs in Tigray did not achieve high level of increased impact, expanded outreach, and sustainability. The performances are strong in one component and weak in another variable.

With regard to increased impact, performance of BDS providers is good from the view point the BDS providers. The selected programs enabled big majority of their target groups to acquire, apply and benefit from their services. However, not all benefits gained by MSE operators were as intended by the programs.

In increasing outreach, a level of selected BDS providers' performance is high in expanding the market for BDS and increasing access of underserved groups to BDS. But outreach of the selected programs is low in developing high quality, diverse and competitive BDS market. The programs did not achieve good level of performance in developing high-quality, diverse and competitive market. Nevertheless, they achieved increased access of BDS to underserved groups significantly. Their performance level is good in reaching underserved groups in all services in general and with short term training in particular.

Level of performance in achieving BDS providers' sustainability is very low. In most cases BDS are donors or supply driven in nature. In this regard BDS providers are at infant stage. Market development approach to BDS in Ethiopia is a new concept. None of the selected BDS providers' revenues are partially or fully generated from sale of services to MSE operators.

The identified challenges of promoting the BDS market development approach in Tigray MSE sector include BDS demand side challenges, supply side challenges and market environment challenges. In general terms, the position BDS market in Tigray can roughly be rated as having weak demand and weak supply status.

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