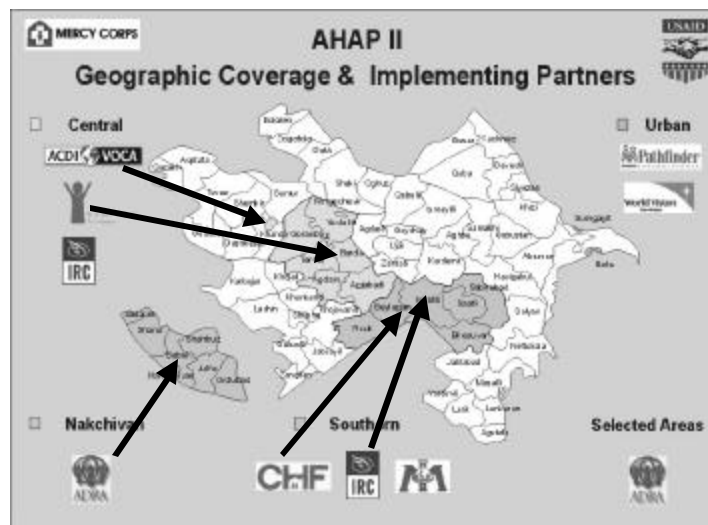


BDS In a Humanitarian Context: The Azerbaijan Experience



Kamran Abdullayev, Mercy Corps
Annual Seminar on
Developing Commercial Markets for BDS
September 2002, Turin

Azerbaijan Humanitarian Assistance Program (AHAP)



Mercy Corps Role in AHAP

Goal of Economic Opportunities

Increased availability of financial and business support services

Value Added Services

- ◆ **Strategic Direction**
- ◆ **Information & Coordination**
- ◆ **Technical Assistance**
- ◆ **Oversight**

Evolving BDS in AHAP: Market background

- **Heavily subsidized market for business services**
- **General attitude – MSEs are too poor to acquire services commercially**
- **“One size fits all” approach**
- **No experiments with BDS programs**

Evolving BDS in AHAP: Target clientele

- **Displaced people with no financial base**
- **Psychological trauma**
- **“Centralized Economy”
Syndrome**
- **Overloaded infrastructure**

Evolving BDS in AHAP: AHAP starting point

- **Direct & free services provision**
- **Baseline surveys versus market
assessments**
- **No clear exit strategy**
- **No capacity for BDS market development**

Evolving BDS in AHAP: Services and Methodologies

- **Business training & individual counseling**
- **Technical consultations**
- **Associations & market chain development**
- **Investment grants provision**
- **BDS through micro credit services**

Evolving BDS in AHAP: BDS market assessment in 2000

Objectives

- ✦ **Assess awareness and utilization for 17 business services**
- ✦ **Create profile of BDS providers and larger market**

Assessment tools

- ✦ **Interviews with 335 MSEs**
- ✦ **Interviews with 121 BDS Providers**
- ✦ **Ten Focus Group Discussions**

Evolving BDS in AHAP: BDS market assessment in 2000

Are MSEs using BDS currently?

Yes!



**Purchased/Accessed Outside:
Two services per MSE
Mostly Informal**



**Provided In-House:
Eight services per MSE**

Evolving BDS in AHAP: BDS market assessment in 2000

BDS Providers out there – Who are they?

- informal BDS providers offering services to friends & colleagues – over 70 percent of outside BDS is accessed through informal networks
- formal, private sector BDS providers selling services to small and medium businesses
- over 80 percent of BDS providers' (formal and informal) income come from SMEs

Evolving BDS in AHAP: BDS market assessment in 2000

Major BDS market constraints?

Mismatch between demand and supply

Most MSEs are not aware of many BDS

MSEs are willing to pay for quality BDS

Evolving BDS in AHAP: Market assessment implications

- **Seminar on BDS market development paradigm for implementing partners**
- **Market assessment results presentation**
- **TA in readjusting & redesigning existing BDS programs**

Evolving BDS in AHAP: Market assessment implications

Impact & Market surveys



BDS products improvement



**Fee-based
services
introduction**

Evolving BDS in AHAP: Where are we now?

- **Educating MSEs on business services**
- **Building cadre of local service providers**
- **Facilitating
creation of business
linkages**
- **Advocacy through
business forums**

**Evolving BDS in AHAP:
BDS programs impact in 2001**

**4,601 MSEs increased
profits by at least 25%**

1,483 jobs created

Challenges & Lessons Learned

- ✘ Lack of full understanding of the BDS market development approach**
- ✘ Coordination with other stakeholders is vital for developing BDS markets**
- ✘ Facilitation of up & down stream relationships is effective in businesses & jobs creation**
- ✘ Build upon the existing mechanisms**