



International
Labour
Organization



BDS Sector

Business Opportunities and Support Services (BOSS) Project

- Intervention Report -



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Abbreviations

BDS	Business Development Services
BIF	Business Incubation Facility
BMM	Business Matchmaking
BPC	Business Plan Competition
BOSS	Business Opportunities and Support Services Project
CDE	Centro Dezenvolvementu Emprezariu (Business Development Centre)
IADE	Institute for Business Support
ILO	International Labour Organization
INDMO	Labour Force Development Institute
MAF	Ministry of Agriculture and Fisheries
MED	Ministry of Economy and Development
MECAE	Minister of State, Coordinating Minister for Economic Affairs
M4P	Markets for the Poor
MSEs	Micro and Small Enterprises
NDRED	National Directorate of Rural Economic Development
RMA	Rapid Market Appraisal
SEAPRI	Secretary of State for the Promotion and Support of the Private Sector
TIS	Tender Information System
ToT	Training of Trainers

Executive Summary

The key ILO project advancing the development of the private sector is the Business Opportunities and Support Services (BOSS) Project - a private sector development project with its core objective to contribute to employment creation and income generation. The project has been operational for over 4 years and is in its final year of implementation. At this juncture, the project wanted to reflect on and document key learnings from the components of its work. This report is one in a series of intervention reports, with a focus on business development services (BDS) delivered through the ILOs key counterpart, The Institute for Business Support (IADE).

During the life of the project, IADE has undergone a transformation of both size (staffing and presence in the districts) and services, which have rapidly expanded with the support of BOSS. From an original 77 staff (20 women) operating in 5 districts and the capital, Dili, IADE now has 111 (35 women) and a presence in 12 of 13 districts. From a client base of 665, IADE has grown its registered client number to 6,449 by mid-2015.

From being a purely business training provider (of one unaccredited course), IADE now offers a suite of business management training programs (some accredited), business management counseling, Business Matchmaking Services (BMM), market research and marketing services, a Tender Information System (TIS) service, a Business Incubation Facility (BIF), an Innovative Business Plan Competition (BPC), hosting of trade fairs/expo and entrepreneurship promotional activities.

The intervention report details the history of IADE and BOSS project support, as well as reflecting on initial reported outcomes and impact from IADE clients. Client responses on service delivery are widely positive, although more modest in terms of business

- impact. Key learnings from these activities include:
- Supporting IADE to focus on quality of services, over quantity of service delivery.
 - Improving the selection of clients to maximize outcomes.
 - Strengthening IADE’s performance management.
 - Ongoing support for IADE to develop leadership in learning.
 - Further emphasis on BDS delivery in the districts.
 - The need for ongoing entrepreneurship promotion in Timor-Leste.

Introduction

The Business Opportunities and Support Services (BOSS) project is a private sector development project with its core objective to contribute to employment creation and income generation, based upon a systemic approach to enterprise development. The BOSS project is embedded in the Institute for Business Support (IADE), under the remit of the Coordinator Ministry for Economic Affairs (MECAE) to address the needs of micro and small enterprises (MSEs) in Timor-Leste's severely under-developed private sector. Funded by Irish Aid and NZAID, the project started in 2011 and finishes mid 2016.

This intervention report focusses on Objective 2, documenting BOSSs project support to the Institute for Business Support (IADE) to re-build the agency into Timor-Leste's premier business development services provider and to start addressing the needs of MSEs across the country. To this end, BOSS has sought to develop and strength the Institute's internal capacity, both technical and physical, to be able to deliver high quality, responsive BDS and timely, relevant business information.

Section 2 introduces the context for MSEs in Timor-Leste and IADEs situation prior to the BOSS project with section 3 detailing the interventions and their progress. Section 4 looks at IADEs institutional development and sustainability to support MSEs and finally, section 5 reflects on BOSS learnings from this Objective and its outcomes.

In the beginning

Background and planning phase

The Business Opportunities and Support Services (BOSS) project was designed to respond to the local context of a private sector characterized by small, informal business activities. 80% of Timor-Leste's population is involved in agricultural activities to support their livelihoods¹, with some emerging alternative industries, in particular, construction. Half of the population lives below the national poverty line and of these, two thirds live in rural areas². Enterprises are frequently small scale and fragile. Despite employing a range of income generating strategies, these are generally insufficient for families to significantly reduce poverty levels. Businesses lack strong market access, while management is weak. Business-to-business relationships are minimal. Few business development services exist and private-public dialogue to stimulate growth is nascent. There is a lack of information and analysis on available resources and areas for potential private sector development.

At the outset of the BOSS project in 2011, a consultative process with the private sector confirmed key constraints including: lack of dialogue and coordination between the public and the private sectors; lack of market access for products and services, ineffective utilization of local resources / opportunities as well as difficulties finding raw materials, limited involvement of the private sector in Government service delivery and weak managerial and entrepreneurial knowledge³. Entrepreneurs also flagged challenges accessing capital / credit, and training services including vocation and business management training.

The Timor-Leste government has acknowledged the importance of the private sector within poverty reduction strategies,

including in its Strategic Development Plan 2010-30, and commenced movements towards creating a more favourable enabling environment to support private sector growth, such as the introduction of key regulations and reforms⁴.

BOSS is embedded in the Institute for Business Development (IADE) to provide technical assistance, coordination, networking and business information support and through which the project is implemented. This 'embedded' approach aimed to promote close working relationships with government staff to build institutional capacity to undertake key roles in the future. BOSS designed a logistical framework detailing objectives and outputs for its three components, as well as performance indicators. Key objectives of BOSS include:

Objective 1: Value Chain Development: Increased business opportunities for MSEs in target sectors (horticulture, cattle and tourism) and districts.

Objective 2: Business Development Services: Nation-wide access to enhanced and innovative market / need oriented business development services.

Objective 3: Gender mainstreaming: Increased commitment and capacity to mainstream gender in all policies, programs and activities.

Business Development Services at IADE prior to BOSS

The project aimed to support two key functions at IADE, including a) the provision of business development services (BDS),

¹ World Bank: *Timor-Leste Expanding Near-Term Agricultural Exports, Diagnostic Trade Integration Study, 2011*

² World Bank / National Directorate of Statistics: *Timor-Leste, Poverty in a Young Nation, 2008*

³ Ref BDS report

⁴ Ref which decrees etc

tailored to different MSE needs, and b) to deliver business information and promotion. MSEs were also linked to market opportunities within the value chain intervention and, where appropriate, referred to other skills training provider (i.e. for technical development). Business information would be collected and made available to clients and to the public, including information on business establishment, such as registration processes, and on business opportunities such as tenders and new or emerging markets, as well as business promotion by introducing the business to business expo/ trade fair concept in the country.

Prior to BOSSs intervention, since 2005, IADE and its 5 district offices had been providing unaccredited business management training (in reality, these offices provided national coverage). IADE offices were located in Dili, Bobonaro, Ermera, Baucau and Oecusse with 77 staff (57 men and 20 women), including support staff. These trainers covered 12 districts. IADE was not yet governed by a decree law.

In 2005, the ILO STAGE Project approached IADE as potential partner together with SEPFOPE to promote youth employment. The Start and Improve Your Business Programme was introduced to 15 trainers. SEPFOPE organized training on Generate Your Business and Start Your Business together with IADE. This joint programme between IADE and SEPFOPE was affected by the 2006 crisis and stopped for more than one year.

The programme resumed in 2008. At this stage, IADE had 15 business management trainers (3 women and all unaccredited). One Master Trainer was certified from 2005 – 2010. This master trainer was certified after undertaking programs such as organizing and delivering SIYB Training of Trainer, coaching new trainers, and conducting follow-up after training services to ensure the quality of Start and Improve Your Business programs.

In 2010, 32 Start and Improve Your Business

(SIYB) courses were conducted for a total of 665 MSE participants. Clients participating in training for enterprises included government departments and NGOs. Individual clients were not yet paying for services. IADE, the courses and trainers were not yet certified by INDMO (the Labour Force Development Institute).

No other IADE services were operational as yet, although the Institute had organized the first trade fairs in Timor-Leste targeting rural women’s enterprises, with support from ILO STAGE Project. No business information was being provided to MSE clients and no website had been established. Internally, IADE lacked appropriate information or monitoring / evaluation systems on clients and the training it delivered, making review of service effectiveness challenging.

At the outset of BOSS, IADE services were little known, particularly among small and micro enterprises. Within the context of a poorly developed business development services market for MSEs and low demand and low willingness to pay⁵, BOSS has aimed to enhance and grow IADE as a BDS provider, raise its profile amongst MSEs and create a BDS market, where services are demanded and paid for. BOSS was also to support the expansion plans of IADE offices across all districts (Business Development Centres or CDEs) and the growth of the staffing within these centres and in Dili to deliver new services.

BDS Needs Assessment and project framework

BOSS undertook a BDS Needs Assessment in 2011 to understand more clearly the needs of micro and small businesses in regards to business development services and how IADE might respond. Key recommendations for the Institute included:

- The need to move beyond being purely a training provider.

- Providing support responding to enterprises of varying size and capacity.
- The need to strengthen IADEs training and counseling capacity.
- Strengthening staff knowledge of relevant business information and promotion.
- Investigating how IADE could provide link for access to finance to commercial banks and MFIs.
- Supporting thematic and business to business trade fairs/business matchmaking events in the districts.

BOSS developed a project wide logistical framework based to respond to this context. Within the business development services component, BOSS developed two key indicators:

Nationwide access to enhanced and innovative market/need oriented business development services

Indicator 1: An increase of at least 50% in the number of enterprises that access innovative market/need oriented business development services offered by IADE/CDEs, 30% of which are women-managed enterprises, by the end of the project (baseline: 1 service provided to 665 MSEs in 2010).

Indicator 2: 50% of surveyed clients of IADE/ CDE increased business turnover as a result of their interaction with the service by the end of the project (baseline: no record of client turnover available)

Key outputs to support the achievement of these indicators included improving training and counseling services, including certification and introduction of specific courses such as contractor business management and tender preparation; development of business information and promotion systems, expo management with thematic business to business concept instead of retailers and strengthening IADE from an organizational perspective.



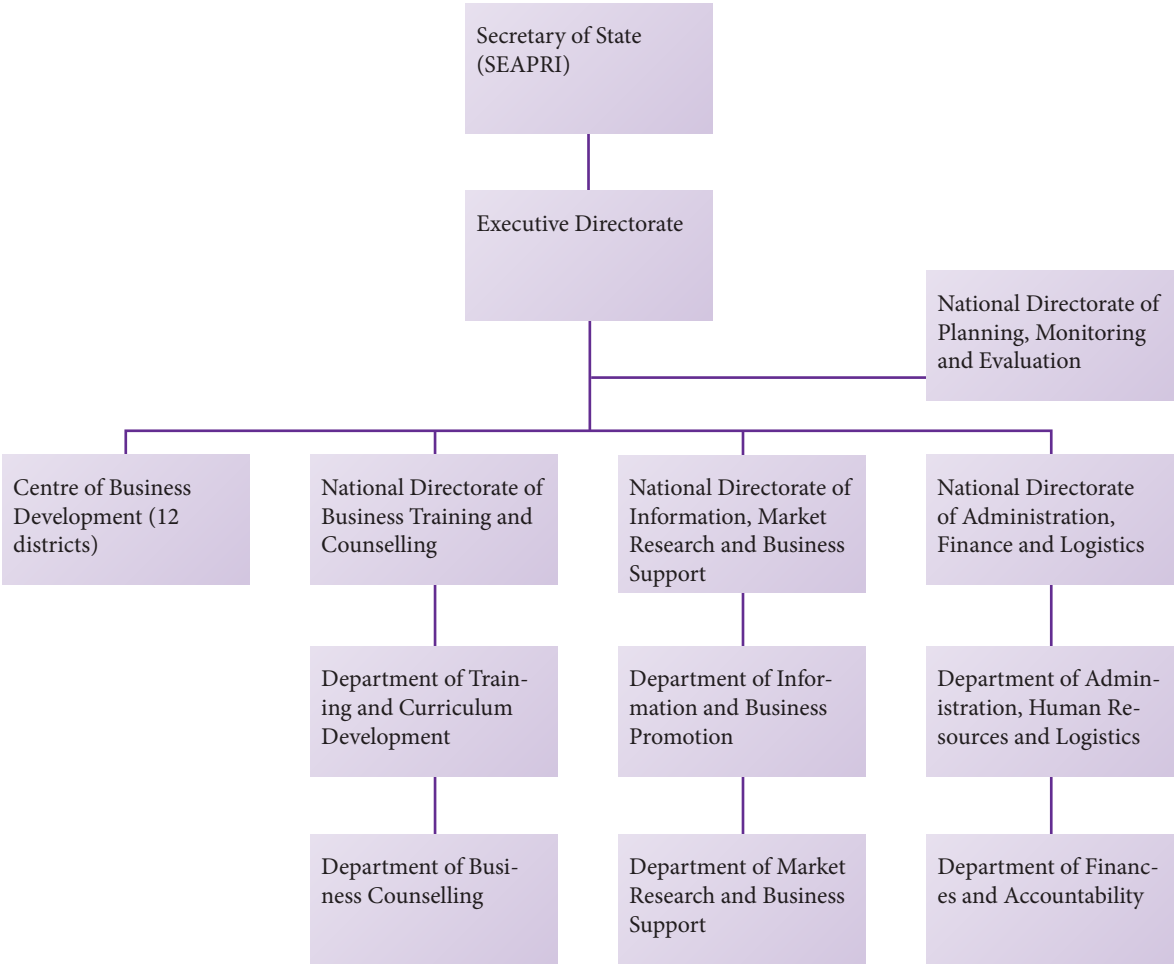
Business management training for contractors delivered by IADE

5 BOSS Project Document, 2010

Then what happened

Growth in BDS and results for clients

IADEs organizational structure is outlined below, as established by the new Decree Law, which was updated in 2014.



Business Development Services intervention

Training and Counselling

At the commencement of BOSS, IADE and its 5 district offices provided unaccredited business management training (Start and Improve Your Business – SIYB), Business Games and Gender and Entrepreneurship Together (GET Ahead) in 2010 to a total of 665 MSE participants. To underpin the development of high quality training, BOSS has supported initiatives build the capacity of training staff at IADE, accrediting trainers within Timor-Leste’s national

training accreditation system (INDMO). Accreditation entails that a registered training provider is able to offer nationally recognized qualifications. The qualifications recognized by INDMO, are part of the Timor Leste National Qualification Framework and are based upon approved competency standards. Support to IADEs training service has also centred on the development of standards adhering to accreditation, as well as developing and adapting materials that respond to identified needs of MSEs. IADE has now been accredited as a national training provider by the National Labour Force Development Institute (INDMO) to provide accredited training course for MSEs.



BOSS has supported IADE to develop a range of courses responding to varying needs between MSEs, as well as various levels of education and literacy. Several courses are geared towards small-scale, rurally based MSEs and low levels of education and literacy. ILO has assisted IADE to adapt ILO developed courses to the Timor-Leste context, such as Generate Your Business Idea, Start Your Business, Improve Your Business (now accredited). Moreover, IADE has adapted and tested curriculum to specific sectors, such as agriculture and tourism to respond to MSE needs identified within value chain analysis. A list of training now available at IADE is provided at Annex 1.

BOSS has also focused on strengthening counselling services for MSEs, including the development of training and counselling knowledge and skills, providing guidance for counselling on how to conduct counselling sessions with clients, on the job mentoring on selecting clients that have growth potential and improving IADE counsellors capacity to analyse business situations and help clients with business solutions. As a result, IADE counsellors have begun to change their practices from literally doing work *for* clients to helping clients analyse and find their own business solutions. IADE counsellors are also now fielding “walk-in” clients seeking assistance with business plan development to support loan access from commercial banks.

BOSS implemented mentoring support to trainers/counselor to practice business counselling and receive direct feedback from senior business counselor. This has allowed trainers/counsellors to strengthen their analytical skills. From a total of 25 trainers, 50% of them are able to provide quality counselling services. Many of the skilled trainers and counselors are concentrated in Dili. This is understandable, as Dili staffs interact with more MSEs compared at district level.

BOSSs experience suggests the need to mix factors to build counsellors’ skills including motivation, attitude, knowledge and skills. Some trainers have only the motivation and attitude, but are very low on knowledge and skills or the other way around. The fact that there are no incentives/promotions for higher performing staffs is also a factor contributing to a lack of motivation for staff to develop themselves.

Ongoing and planned Government investments in infrastructure rehabilitation represented an opportunity for the private sector to more actively participate in local and national tenders. BOSS has developed IADEs capacity to strengthen small-scale contractors to effectively participate in basic infrastructure rehabilitation tenders, issued by both local and central Government and to better manage contracts. Two new certificate

training courses have been developed and accredited to support contractors including Managing Small Construction Bids and Contracts and Business Management for Contractors.

As at mid 2015, IADE had 23 certified trainers holding Certificate Level III and IV Training and Assessment as well as ILO SIYB Certificate, 2 Master Trainers and a further 3 candidates in training as Master Trainers. IADE had delivered training to 6,499 clients cumulatively since the beginning of BOSS showing the performance indicator for business development services has largely been met regarding delivery. Reviewing client participation in IADEs training, there was a spike of growth in 2012, which has plateaued around the 1,000 participant mark per year over the last two years (see Table 1 below). This represents a growth in the number of training participants of 63% over 4 years.

Generally, the SIYB programme works with selected partner organizations after a thorough selection process, which includes past experience working with Small and Micro Entrepreneurs and availability of trainers. In the case of IADE, trainers are recruited by the Civil Service Commission therefore IADE has limited involvement or control to select trainers. With 25 trainers recruited by the government, only 50% of them have good skills, knowledge and attitude appropriate to a trainer. During the years of intervention, the BOSS project recognized the need to have both commitment as well as personal capacity to become a good trainer.

Changes in training participants 2010-2014

YEAR	% CHANGE ON PREVIOUS YEAR
2010 (baseline)	0%
2011	21%
2012	41%
2013	-3%
2014	-1%

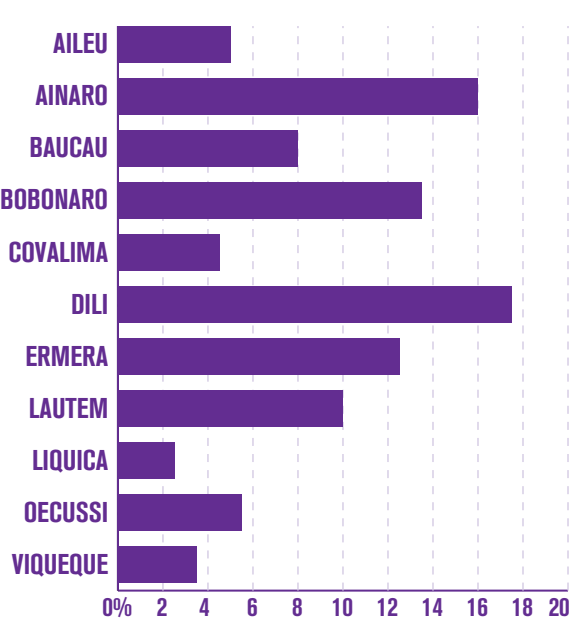
Over the last 4 years (2010 to end 2014), IADEs database shows Start Your Business and Improve Your Business were the two most frequented courses, followed by Generate Your Business Idea and Get Ahead.

Percentage of participants per IADE course

COURSE	TOTAL (%)
Business Group Formation	1%
Get Ahead	11%
Generate Your Business Idea	15%
Start Your Business	22%
Improve Your Business	21%
SIYB Business Game	10%
Business Management for Contractors	9%
Pricing and Bidding	9%
Small Business Association	1%

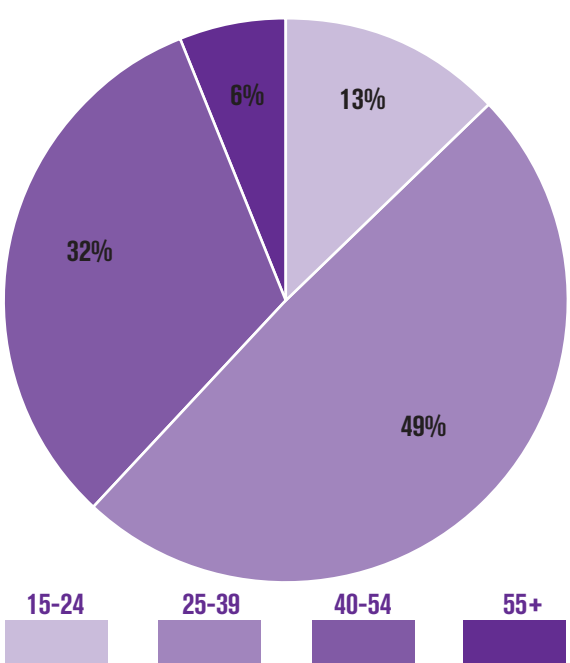
There is an even split between men and women receiving training services (50%). Table 3 below shows the split in districts between participants (districts Manufahi and Manatuto are not shown as they were only opened recently). This shows a reasonable spread across the country of participants, with a bias towards activity in Dili and the centre, south-west and west of the country.

Participants by district



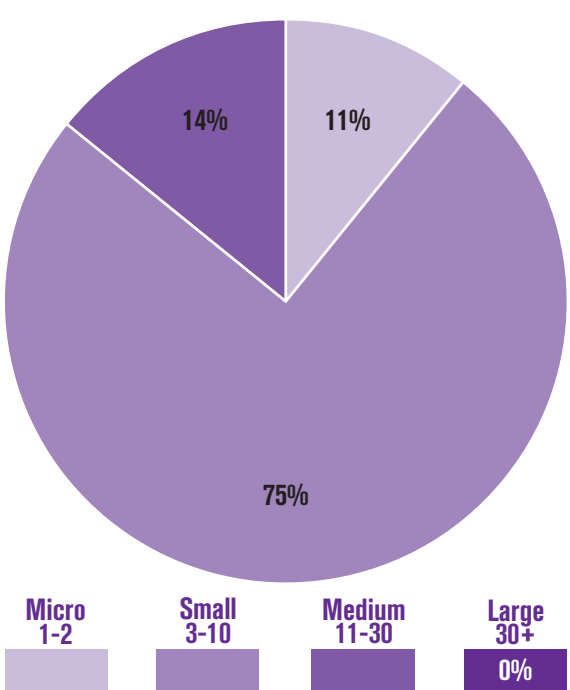
Most participants are in the age range 25-39, with the next largest cohort being older (40-54).

Age distribution



Of the training participants who are running an existing business, the largest cohort are operating small business, with 3-10 people involved. These overwhelming fall into two sectors including construction and renovation (26%) and food and beverage processing and supply (24%).

Business size



Prior to BOSS, a basic follow-up after training delivery was conducted with clients but no further, specific support was provided. BOSS has introduced IADE's business counselling service, supporting the development of staff capacity to provide a tailored small group or individual service geared to addressing specific MSEs needs. In addition to counselling, a follow-up to training is organized through services such as business promotion, business matchmaking, referral services to technical training and bank for accessing loan and also intersects with several other IADE programme including the Innovative Business Plan Competition and the Business Incubation Facility (see below). The service grew from 26 MSEs counseled in 2011 to 233 in 2014 (45% women, according to IADE). This personalized business counselling approach has been shown to be important in the context of low business management capacity of Timor-Leste MSEs.

A Tracer Study for IADE's "Improve Your Business" training programme and the "National Certificate in Managing Small Construction Bids and Contracts" training programme was completed in June 2013 to review the results of IADE training for entrepreneurs following these trainings. The study showed that participants felt the trainings had positively impacted businesses. The quality of training was overall well received, training content was seen as very relevant and the quality of trainers was reported as very good. IYB participants were interested in greater business support following training whereas contractors were predominantly keen to receive further technical training. It was recommended that IADE focus efforts on targeting more clients with greater growth potential for training programmes, as opposed to those in "survival" businesses which has implications for IADE's development strategy and marketing activities.

Two further assessments of training and counselling undertaken internally at IADE in 2014, with BOSS support, show positive feedback from MSE participants to the quality of training they felt they received from the Institute, although mixed results in terms of post-training benefits to the businesses

themselves⁶. For example, surveyed clients who had received Improve Your Business training (15) were able to demonstrate recall and some application of new knowledge (see Table 6 below). When asked whether there were any changes in how they were managing their business during the last year (after receiving IADEs training), clients provided the following responses:

Business management changes

AREA OF BUSINESS MANAGEMENT CHANGE	“YES” RESPONSES (OF 15)
Book-keeping / accountability	5
Met new suppliers / customers	3
Stock management	1
Marketing	2
Tendered for contracts	1
Better business management (in general)	3

Within the clients being trained, it could be that there are challenges in how to apply knowledge effectively post-training. These enterprises may require greater follow-up by IADE, which could be implemented particularly through the counselling service. There were some indications of business growth (7 IYB participants rated IADEs training impact on sales as “small” and 3 as “big”. 5 said there had been no impact on sales). A triangulating question around sales generally supported this modest reported impact - the majority of IYB respondents said sales had grown a little bit (6) or fell a little bit (6), with 2 citing major decreases and one reporting no change⁷.

The exception was for contractors, who provided a clear, positive response about benefits from IADEs training. IADEs contractor training has become embedded in government procurement processes as a pre-requisite to tendering. MSEs from the

contractor courses were very positive and reported sales increases, which they related directly to their IADE training. It is likely the motivational ‘pull’ factor of requiring IADE training to tender for government contracts assist contractor MSEs to actively apply their new knowledge received from training. These MSEs also are fee-paying clients, thereby demonstrating demand for the services.

Enterprises also reported receiving support from a range of different agencies including government and development agencies, depending on their needs and access to assistance. MSEs also report numerous external factors affecting their businesses, particularly in terms of increasing sales. Both issues lend questions on the extent to which IADE can, or indeed should, measure and attribute higher level impact for MSEs. Globally, research on the impact of business management training has come up with mixed results in terms of increased sales, profitability and employment and indeed measurement itself has met with a wide array of challenges⁸. It may be more appropriate for monitoring and evaluation efforts to focus on changes in behavior and application of new skills and knowledge following training, whether the application of these new capacities are reportedly helping MSEs and in what ways.

Business Matchmaking

Timor-Leste’s MSEs face the challenge of weak access and linkages to markets and new business opportunities and clients. To support these needs, BOSS has assisted IADE with several initiatives to develop and supply information about, and direct contact with, potential market opportunities.

The Business Matchmaking (BMM) service was introduced in 2012. On request, it matches buyers and sellers through events and individual meetings in order to generate new business relationships. The establishment of this service has been somewhat challenging

for IADEs staff, relying on a degree of proactivity and considerable local market knowledge. A recent internal case study of 9 clients who had received BMM found that in general, new transactions had not been built as intended, but that IADE clients found other business benefits from the events or individual meetings – for example, improving existing relationships or gaining buyer / supplier feedback⁹, helping to increase understanding of and to meet customers needs. These benefits were viewed very positively by clients.

A key recommendation from the case studies was around ensuring thorough knowledge of clients, from client capacity and readiness (to supply, to buy), to existing buyer / supplier relationships and understanding client incentives or motivations. IADE has invested considerable money and time into the BMM service since commencement and the report recommended investing more time in getting to know the clients before meeting between buyer and seller are arranged and being more critical regarding likely outcomes and balancing IADEs investment accordingly.

As also found in the training and counseling assessment, the report flagged that one service would not be able to address the various factors affecting business growth for MSEs in Timor-Leste and that expectations for impact should be somewhat conservative. BMM may be best suited in combination with other services and when appropriate for specific clients, according to their needs. It is also likely that the selection of participating MSEs needs review in relation to capacities and incentives to change business practices. With improved selection processes and indepth understanding of clients and their needs, IADE hopes that BMM will contribute to improved (increased and/or strengthened) market share for its clients.

As a result of the assessment, the BMM service has increased its focus on building relationships with and increasing its depth of understanding of the market and buyers needs. BMM staff now directly engage at national level with buyers about their supply needs and then link

to CDEs to identify potential suppliers from the districts. Staff at the national level are now much more hands-on in terms of supporting assessment, follow-up and monitoring.

Business Information and Promotion

In response to a lack of accessible public information regarding tender opportunities, IADE and BOSS developed a Tender Information System (TIS), to send IADE registered MSEs SMS links to new opportunities. Centralizing tender distribution is aimed at increasing transparency, enhancing understanding of the procurement needs of major buyers, and facilitating the private sectors capacity to engage with government tender opportunities. The system is built on a database and system inherited from a withdrawing NGO (Peace Dividend Trust, which closed in 2012). IADE advocated for government agencies and other players to advertise procurement opportunities to IADE registered MSEs using this tool. To date, IADE has posted nearly 50 tenders through the TIS and sent these to its registered client base from government agencies and development agencies. Staff have built good relationships with other government institutions in order to receive information about tender opportunities and enhance the governments transparency. A partnership with Timor Telecom has provided free text messaging services to facilitate the process.

Trade Fairs

IADE had previously participated in one or two trade fairs, focused on enterprises for rural women, as part of the organizing commissions. Following the start of BOSS, IADE managed 4 further trade fairs, raising the profile of particular industries and stimulating business-to-business connections, with sponsorship from the private sector.

In 2012, IADE ran Timor-Leste’s first business-to-business trade fair, TIFOBE (Timor-Leste International Food and Beverage Trade Fair), responding to the prevalence of MSEs working in this sector. TIFOBE featured

6 IADE: *Assessment Report - IADE’s Training and Counselling Assistance*, January 2015 and *Case Study Report: IADEs Training Assistance*, August 2014
7 IADE: *Assessment Report - IADE’s Training and Counselling Assistance*, January 2015
8 McKenzie, D and Woodruff, C: *What are we learning from business training and entrepreneurship evaluations around the developing world?* September 2014

9 IADE: *Case Study Report - IADE’s Business Matchmaking Assistance Program*, January 2015

44 stands giving space to 28 companies and 8 institutions (41.7% women-managed) including the Ministry of Agriculture and Fisheries (MAF). Approximately 4,000 people visited TIFOBE, which was well received by exhibitors and visitors alike. 86.5% of the exhibitors and 91.4% of the visitors interviewed expressed satisfaction with TIFOBE.

In mid-2013, IADE co-organised the IX Encontro de Empresarios China e Pais de Lingua Portuguesa in Timor-Leste, which featured IADE through a business-to-business trade fair and business matchmaking session to link domestic and foreign entrepreneurs. In late 2013, IADE also supported Feira 'Fiar', a trade fair promoting women's business.

IADE held the inaugural business-to-business Building Materials and Construction Expo 2015 at Timor Plaza, from 5-7 May, recognizing the importance and opportunities for MSEs at the stage in the country's development. The Prime Minister, H.E Rui Maria de Araujo opened the Expo and highlighted the event as good signal of economic stability and readiness for partnership with International investors. The importance of this International Expo event in the country was also mentioned during the speech on the Strategic Development Partner meeting in June 2015. 36 exhibitors/companies from 10 countries participated in the Expo. 50% of the exhibitors knew the Expo from IADE bulk email and their respective Chamber of Commerce, 20% learned from others such as business network/partners and 11% registered after they were informed by their embassies.



The 1st Lady visiting Timor-Leste's first International Construction Expo 2015, organised by IADE

An assessment was conducted for all exhibitors to understand their expectation and satisfaction levels. 40% of exhibitors expressed positive responses about the expo meeting their expectation. 50% of exhibitors stated the expo

almost met their expectation, explaining some challenges due to the language barriers with visitors. 5 of the 31 exhibitors had individual meeting with local business exploring business opportunities in the construction sector. 21 out of 31 exhibitors expected to make business deals in the future while the remaining exhibitors did not make any business deals as they aimed only at promoting the company's brand in Timor-Leste.

The IADE team interviewed visitors to assess the effectiveness of marketing tools and their satisfaction level. Television was seen as the most effective media to promote the event (36%). 21% people visited the Expo because of emails from IADE, 18% from street banners in strategic location and 7% from friends and business networks. 68% of respondents received new information on product and technology in the construction sector while 29% made new business contacts. 75% of respondents were confident they would make business contracts in the future with exhibitors as a result of Expo.

IADE is now acknowledged by the private sector as a professional event organizer in term of expo management. In addition, other government institutions commonly utilize IADE services on logistic support and finding business/exhibitors.

Within the Directorate of Market Research, Business Information, Promotion and Support, IADE has developed the Department of Market Research, designed to provide clients with market research and value chain research support. Staff have been trained in undertaking simple market research, including Rapid Market Appraisal (RMA) and have conducted pieces of research for particular IADE clients as well as organisations in salt, cannery supply chains, virgin coconut oil, aquaculture and seaweed. IADE has also started to build in-house capacity for Training of Trainers in the Rapid Market Appraisal (RMA) with RMA ToT provided to IADE's key trainers in 2014.

Significant capacity gaps remain. Initial data collection visits to the districts were unsupervised and resulted in poor data. The key lesson from these early processes was to not only

involve IADE staff from the beginning to ensure they had a clear understanding of the objectives of research activities and had experience in the development and use of tools (i.e. surveys), but also to support in-field data collection very closely to ensure responses match data that was being sought. BOSS has subsequently provided on-the-job mentoring around quality control processes (survey testing, data entry and checking etc), data analysis and report writing. BOSS also supported the provision of specific research training, together with the Department of Monitoring and Evaluation. There has been a growth in demand for the market research service by paying clients, including development agencies, international NGOs and private companies.

To raise awareness of good business practices, IADE and BOSS released the entrepreneurship campaign "Super Trainer" in 2012 – a set of television promotional advertisements based on a comic book character promoting how to run local businesses well. Following the campaign, the Super Trainer Campaign Evaluation Report was completed in June 2013 to review the impact of this awareness raising strategy. The research for this evaluation was conducted by the Department for Market Research, which signed a Memorandum of Understanding with the University of Dili to collaborate on the research. Key findings show that the Super Trainer was very successful in creating a role model for Timorese entrepreneurs and that the messaging/lessons around entrepreneurship and customer service were widely understood by the target groups. The report provides follow-up recommendations including increasing branding awareness of IADE/CDEs through the continued use of Super Trainer materials in a variety of ways, increasing the reach of Super Trainer into the districts, promoting use of the materials through aggregator agencies and incorporating Super Trainer into marketing activities and materials. These recommendations have yet to be fully actioned and there remains considerable promotional leverage for IADE through the high public awareness of the campaign. IADE has developed a marketing action plan and BOSS has secured a 2-year volunteer placement (VSA) at IADE in order to embed the marketing and commercialization approach.

Entrepreneurship & enterprise development programs

Establish Innovative Business Plan Competition

IADEs Innovative Business Plan Competition (BPC) is another effort to promote and stimulate entrepreneurship across Timor-Leste. Running for the second time in 2014, the competition invites all candidates to submit business ideas and attend training including Generate Your Business Idea. Following an application and selection process, a cohort of 25 candidates then received Start Your Business training and also received business counseling to finalise their business plans. These are presented to a panel to evaluate and shortlist, with selected finalists receiving funding and technical support from IADE.

In its first year of operation (2013), the BPC received 204 applications. In 2014, 322 MSEs applied and the group of finalists was broadly considered to be of considerably higher quality. In early 2014, IADE undertook a brief survey to understand how effective its promotional efforts for the competition were to the public during the pilot year. The survey was conducted in 6 districts with 178 respondents and found that 48% knew about the competition from various media. Of the people that knew about the competition, 63% reported that they had applied. Both the level of awareness of the competition and the number of people who applied is very high. The advantage in Timor-Leste is of media saturation through one television station, which greatly assists promotional activities. The study also found, however, that many people didn't really understand the term "innovation" and were unaware of IADEs range of services aside from business training. This once again highlights the need for greater stimulation of demand through marketing of IADE.

BOSSs involvement in the BPC in 2015 was minimal, highlighting the capacity IADE now has to undertake this activity without technical support. The selection of candidates has improved each year, with adjustments made

on the basis of the previous year's evaluation process., showing IADEs willingness to use their experience to learn and improve their services. Changes to the BPC process in 2015 included longer processes for counselling, counsellors views on candidates included in the assessment, inclusion of building presentation skills for candidates and better preparation and briefing for judges.

The private sectors confidence in the competition has grown and this year, sponsorship was 53% and private sector support was 47% of the total budget. (Total budget 130,920 USD)



Establish Business Incubator Facility

To stimulate entrepreneurship and innovation, BOSS has supported the development of the Business Incubator Facility (BIF), which commenced in 2014, to operate as a quasi-‘business incubator’ to provide support to enterprises to grow. Through the Department of Business Support, the BIF offers a package of support including IADEs range of business development services (training/ counseling, market research, marketing support), as well as coordinating access to technology and financial assistance. The latter is currently accessed through (matching) grants being made available by IADE. The BIF was developed following the introduction of a value chain development (VCD) approach to IADE, where BOSS quickly realized this complex approach to economic development was far beyond the skills of the Institute. VCD requires coordination with other ministries, international organization, private sector is not something IADE has the capacity to do and also not the mandate. A new strategy was formed to provide long term support through

the provision of BDS, financial and technical assistance to suitable business candidates, rather than focusing on particular sectors.

The BIF is governed by a Board comprising Directors of 2 Directorates and the IADE Executive Director. The team of Directors assess whether the business idea is innovative and viable. IADE then assists the client to develop or revise their business plan. The business plan is presented to the Board, who make decisions based on set criteria whether the client will enter the BIF support programme and what assistance IADE will provide. Where there is a conflict of interest, for example, an applicant is known to a Board member, an external Board member is recruited. Each case is tailored against the needs of individual MSEs on the basis of business plans and market research, if required conducted by the Department of Market Research. The facility accepts proposals from new or existing business on the merits of innovation, market potential business plan feasibility. Proposals are accepted through the Innovative Business Plan Competition (see above), direct proposals by MSEs or suggestions from within IADE / the district offices.

Internal structures and procedures are still in development. Challenges have been around ensuring coordination between BIF Project Managers and Counsellors and ensuring the process for clients is able to be managed effectively to ensure progress. Financial disbursement was also challenging in 2014. The biggest challenge has been to find good potential clients. The BIF is open for businesses but many proposals come from local NGOs or informal groups with little or no business experience. People expect Government handouts with no strings attached and the BIF requires clients to work for their support in terms of developing business plan and also engage long term for up to two years with IADE.

As at March 2015, the Facility had provided 5 clients with financial and business development support, with 3 recently approved and 4-5 being prepared. Business development support has included counseling for each client to develop their business plans.

Systemic change in early signs of impact

The BOSS strategy has been to introduce and test a portfolio of BDS services to respond to MSE developmental needs and stimulate a nascent BDS market through delivery of IADEs services across the country. Since the commencement of BOSS in 2011, IADE has adapted business development services and information on offer to MSEs in Timor-Leste. These are now underpinned by budgetary commitments from the Government of Timor-Leste through MECAE. Feedback on these services has been gathered more recently through mechanisms such as assessments, which have reflected some challenges with delivery and impact.

IADE has received planning, management, technical, infrastructure and information development support from BOSS. As well as activities designed to increase the breadth and quality of IADE business development services for MSEs, BOSS has supported institutional development

in terms of physical expansion, planning, management and leadership within IADE. IADE has expanded significantly since 2011 and now has operational offices in 12 of the 13 districts (Oecusse recently having become a special economic zone). BOSS supported the rollout of new offices and in particular, the development of an online BDS management information system, allowing electronic and up to date storage of client and service data for the Institute to use for client management, reporting, monitoring and evaluation purposes. Staff now total 111 people including 35 women (5 in managerial positions) and 76 men (16 in managerial positions).

IADEs structure has grown to incorporate a new Directorate of Planning, Monitoring and Evaluation, which BOSS has supported. The Directorate remains very new with limited technical capacity to undertake monitoring and evaluation. However, it provides learning

opportunities for IADE to capture client responses to services and to help further refine and market its BDS portfolio and staff capacity accordingly. The Institute retains a relatively traditional and hierarchical structure, and monitoring / evaluation is seen largely as a performance management tool. This is not appropriate as the department does not perform this administration / HR function, and the Institute needs stronger leadership to demonstrate and influence a culture of learning and orientation to customer or demand-led services.

Part of IADEs strategy is to re-create itself to be demand driven by clients and to attract an income stream. However, previous studies showed IADE is not very well known in the districts and the diversity of its expanded services is little known. In response to its low profile, BOSS has supported pilot marketing efforts, including establishing a new website with linkages

to businesses and business opportunities. A recently developed marketing strategy is intended to raise awareness of IADE and the range of services it is able to offer enterprises to start generating demand for BDS. To support these efforts going forward, a staff member within the Executive Directorate (PR and Marketing Officer) will be allocated to work with the VSA volunteer, starting in October 2015. BOSS has supported the development of a commercialization strategy, which provides recommendations for IADE to introduce a fee-based system to clients for the services it offers. This has yet to be fully implemented, although fees currently apply for IADEs construction management training.

Staff now total 111 people including 35 women and 76 men

What we learned

The BOSS team, as an embedded partner, has been in a unique position to witness the growth of IADE and the success and challenges that have been part of this change process. Key observations, reflections and questions from BOSSs experience with IADE are outlined below:

Quality, not quantity?

During the BOSS project, the BDS portfolio for IADE has been dramatically expanded and tested. The challenge going forward is to ensure services (including which ones) are relevant and useful for MSEs, and to build capacity at IADE to deliver high quality services.

IADE should orient itself to monitor and understand which services clients can best apply in their businesses and benefit from. This is a particular challenge in a political environment that has placed emphasis on the supply of services and on participant numbers as success points, where in fact, success may need to be measured more on the basis of observed behavior change, but more modestly on high level impact such as profitability and employment.



IADE organising Business Matchmaking for carpenters in Baucau

Client selection

IADE needs to develop the ability to critically select appropriate entrepreneurs to support – again, a not inconsiderable challenge in the current political environment. However, taking a supply driven, service delivery approach does not seem to effect much change. IADEs experience is that many clients to date do not have the requisite characteristics to become successful entrepreneurs. Working with motivated entrepreneurs who demonstrate buy in, commitment and willingness to learn will be more likely to provide more tangible results for the businesses and, in turn, IADE.

Some emerging behaviours at IADE suggest this is starting to occur. IADE is becoming more discerning in selecting appropriate BIF clients and candidates for the BPC, with a similar level of vetting for BMM. This has sometimes resulted in few entrepreneurs being selected, for example, in 2015 the BPC had difficulty finding enough candidates. What this demonstrates is the broader need for entrepreneurship promotion in Timor-Leste.

Leadership

There is a question around the level to which government staff can fully understand the context of MSEs and whether they are appropriately incentivized to be an effective, customer focused BDS provider. This also relates to the incentives and performance at the staff level. In the current government structure, performance management is weak, and not specifically tied to deliverables. While there are some highly motivated staff at IADE, non-performing staff are not well managed.

Developing leadership at IADE is critical to influence professionalism and the development of a learning culture. The Institute should be encouraged to move

towards a collaborative, assessment-based learning approach to better understand service quality, acknowledging “wins” and exploring where improvements can be made. This relates to the earlier observation regarding the rapid increase of new services, many of which essentially remain in development and therefore require assessment and refinement over time.

Current IADE leadership is overall positive. The Executive Director has worked with the agency over many years and understands the need for quality of clients to reach effective outcomes, over a drive for quantity. After the Executive Director, there are three Directors of Directorates who provide much day-to-day leadership for IADE staff. These include the Director of the National Directorate of Business Training and Counselling who is considered a very strong performer and leader; the new Director of the Directorate of Planning, Monitoring and Evaluation (formerly Training and Counselling) who is well qualified and highly competent; the Director of the National Directorate of Information, Market Research and Business Support who is competent but weaker in terms of leadership and the Director of the National Directorate of Administration, Finance and Logistics who is not considered to be a strong leader.

BDS in the districts

The newer BDS services been implemented in the districts but to a marginal extent. This relates back to incentives, performance management, and leadership although should be balanced also with the earlier comments regarding client selection.

Other factors could be that there are less economic activities in the districts so beside the above mention, outreach is also very limited. The other issue is also needing strong linkages with other relevant government institutions, for example the Ministry of Agriculture and Fisheries. In the districts, agriculture is the only significant option currently, however technical knowledge is also required, which IADE cannot provide.

In the case of the BPC, the number of candidate decreased from the districts in 2015, likely due to a lack of appropriate business ideas as well as motivation to start the business. This again relates back to the need for ongoing entrepreneurial promotion to raise awareness and stimulate the generation of ideas.



IADE organising Business Matchmaking for carpenters in Baucau

Annex 1

IADEs training programs

Business Group Formation

Get Ahead

Generate Your Business Idea

Start Your Business

Start Your Business: Agriculture Sector

Improve Your Business

Improve Your Business: Tourism and Hospitality Sector

SIYB Business Game

Business Management for Contractors

Pricing and Bidding

Small Business Association

Improve Your Exhibition Skills (IYES)



3rd prize winner of IADEs Innovative Business Plan Competition 2015

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