

HOW SUSTAINABLE CAN BUSINESS DEVELOPMENT SERVICES REALLY BE?

SUMMARIES OF CASE STUDIES

The Workshop Organizers have prepared the attached one page summaries of individual Case Studies that are being made available in full for Workshop participants. In addition to these Case Studies, there are also three "General Papers" which are not included in these summaries. It is suggested that the one page summaries are used simply as a guide to specific Case Studies that are of particular interest to each participant, and that the relevant Case Study is then referred to for appropriate details. Subject to authors' views during the Workshop, the Summaries may be used for later dissemination.

WORKSHOP ON BUSINESS DEVELOPMENT SERVICES FOR SMALL ENTERPRISES

**SHERATON HOTEL
HARARE, ZIMBABWE**

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Title: **Enterprise Support Services for Africa Project (ESSA)**
Type of BDS: Training and Counselling
Client Base: Established businesses in Ghana
Institution: ESSA commenced 1997, with 4 staff

Services: ESSA provides consulting services on a cost-sharing basis to small and medium enterprises, including specialized support in MIS, technical and management fields. ESSA works with Ghanaian consulting firms and individual consultants to improve their delivery and effectiveness. ESSA also works with a training institution, GIMPA to develop groups courses which the SMEs can access on a fee basis.

Client Base and Outreach: ESSA works with c. 30 existing local businesses that employ more than 6 people and which, typically, have annual sales of less than US \$ 400,000. ESSA clients firms represent over 2,000 direct employees. 6% of firms are owned by women, with 38% owned jointly by men and women.

Market: ESSA's target of working with 30 firms in total necessitates no significant marketing effort, instead relying on referrals or careful searching. ESSA has competition, in consulting services, from EMPRETEC Ghana Foundation, and from private and public sector training providers. The level of subsidy provided by Government and donors to such services is a concern.

Financial Viability: Limited experience (18 months) so far makes assessment of viability difficult. To date, clients charges have been covering about 33% of total overhead and direct costs. On training courses, cost recovery has been increasingly steadily, with 100% as a target next year.

Institutional Issues ESSA has particular strengths in good local staff, close and responsive client relationships, an effective consultant pool, and a client base of sufficient numbers of businesses looking to make significant improvements. ESSA is also market oriented and committed to clients covering direct costs. ESSA is less certain about its future as an autonomous self-funded institution.

Funding Strategies: ESSA has yet to fully address the options for financial sustainability, which include full cost recovery over a longer relationship with each firm, continued partial recovery through raising additional donor funds, and phasing out of ESSA in due course.

Results and Impact: Preliminary results show improvements in sales, profitability, employment and skills amongst client firms, and improvements in delivery amongst participating consulting firms and individuals.

Project Partners: CIDA, IFC
Author of Paper: M.M. Lynch & K. Young-Gyampo (August 1998)

Title: **EMPRETEC Ghana Foundation**
Type of BDS: Training and Counselling
Client Base: Established businesses in Ghana
Institution: Commenced 1990, has 66 staff in 5 locations

Services: Empretec Ghana Foundation (EGF) has developed a broad portfolio aimed at "growth businesses". "Products" include a ten day entrepreneurship workshop, placement of expatriate/ local experienced volunteer consultants in companies, and client accounting services.

Client Base and Outreach: EGF's focus is on SMEs with total asset base of \$ 40,000 to \$ 400,000. Their typical average employment is 20-30 employees. On outreach, in 1997, for example, EGF service reached over 600 clients through training, and 76 clients through consultancy and counselling services, including business linkages. Active portfolio at any one time is about 150 clients.

Market: EGF has a unique presence in some, but not all, of its product markets, but many of its markets are significantly influenced by the role of donors and their partner agencies, such as EGF and ESSA.

Financial Viability: EGF's experience has demonstrated that training programmes aimed at high potential SMEs can be priced to cover direct delivery costs and significantly contribute to overhead costs. "One to one" counselling and consultancy services, on the other hand, rarely attract income that covers more than 50% of the direct costs. Overall, EGF is reducing its reliance on external funding, which now accounts for less than 2/3rd of overhead costs.

Institutional Issues EGF has high quality, well trained, and committed staff, who have progressed through a sustained period of significant growth from 1994 to 1997, and who are now contributing to a consolidation period with the emphasis on cost control and increased earnings. EGF has invested very heavily in staff development within an organisation with a strong mission, inclusive leadership and management, and which makes sustainability a priority.

Funding Strategies: EGF is committed to identifying more products that are financially sustainable, while at the same time reducing costs. Whether this search for cost recovery will alter its client base is a particular issue at present.

Results and Impact: Surveys have shown that EGF clients are growing, both in employment terms (figures such as 2-3 new jobs per annum per client), and in sales terms (25% p.a.). Attribution of these changes to EGF services is difficult and EGF clients are by definition among the good performers.

Project Partners: UNDP, DFID, EU, World Bank and others
Author of Paper: A. Gibson (July 1998)

Title: **Kenya Management Assistance Programme (K-MAP)**
Type of BDS: Training and Counselling
Client Base: Established businesses in Kenya
Institution: Commenced 1986, 18 full-time staff, 3 offices, and 550 volunteer business counsellors.

Services: K-MAP provides one-to-one business counselling to small businesses, using trained volunteer counsellors from the private sector, and delivers training courses in business start-up, business growth, women's entrepreneurship and business export. 40% of clients are women.

Client Base and Outreach: Since 1986, K-MAP has provided counselling to 1100 small businesses, and training to 5500 actual or aspiring entrepreneurs. The main focus is on enterprises and individuals with potential for growth.

Market: K-MAP's obtains its market share through networking, previous client recommendations and, latterly, media promotion.. K-MAP has noted that combining ("bundling") fee-generating training with its (almost unique) counselling services results in a more attractive "package" for clients, and one which increases their commitment, and their contribution to K-MAP's costs.

Financial Viability: On its training courses, K-MAP makes a significant margin, and these contribute significantly to K-MAP's "sustainability". Recently, K-MAP has increased its income through sale of publications, information, and additional training products. Overall financial self-sufficiency is 50%, with the voluntary input of expertise a major factor in keeping costs down.

Institutional Issues: K-MAP has 200 members whose private sector organizations provide the bulk of K-MAP's volunteer counsellors. Both the founder, K-MAP members and staff have a very strong service mission, which, combined with considerable donor support for capacity building of staff and counsellors, has resulted in a relatively strong, local, entrepreneurial, private-sector oriented, organization with growing financial autonomy.

Funding Strategies Recent donor support has included a "bursary" approach where K-MAP is paid a proportion of the course fee for each participant trained. While stimulating growth and a more business-like outlook, there are concerns that this approach will emphasize outreach and scale too much, rather than issues such as comparative quality, pricing and costs of training courses.

Results and Impact: K-MAP has had significant and positive impact on clients, but difficult to measure its extent. Client satisfaction with K-MAP is high.

Project Partners: USAID, DFID, Netherlands, Kenya Private Sector, Others
Author of Paper: A. Gibson & R. Hitchins (July 1998)

Title: **Training Goes to Market: Two Kenyan Training Programmes**

Type of BDS: Training and Counselling

Client Base: Small and microenterprise clients

Institution: Kenyan NGOs: AKILI (1995), SITE (1996)

Services: AKILI (Advancing Kenyan Industry through Local Innovation) focuses on product innovation through a complex set of support services including group training, individual technical assistance on product development, and linkages with new markets. SITE (Strengthening Informal Sector Training and Enterprise) focuses on training in Kenya with the objective of shifting the widely used traditional apprenticeship training from the transfer of limited skills towards innovation, higher quality and greater market responsiveness.

Client Base and Outreach: In its first 15 months, AKILI reached 85 clients in Eastern Nairobi, who increased their income by 35%. After 13 months, SITE reached 239 clients in Nairobi and other towns. AKILI, because of its comprehensive approach, seems likely to reach hundreds rather than thousands of clients. SITE, since it works principally through a short training course, can reach many more clients, but is this at a price for programme effectiveness?

Market: Essentially AKILI and SITE are proponents of “demand-led” training, but often entrepreneurs do not acknowledge the full extent of their training needs, which requires AKILI and SITE to stimulate training demand. This leads to (1) up-front investments in marketing, (2) demonstration that training can facilitate real market opportunities, (3) proximity to clients so as to respond to emerging needs, and (4) linking of training with tangible, immediate benefits. Both these NGOs concentrate on specific sub-sectors (metal, wood, textiles).

Financial Viability: The projects are still new, but fees received stop well short of covering costs, and the services provided do not offer bright prospects for full financial sustainability.

Institutional Issues & Funding Strategies Again, the projects are too new to offer definitive lessons here.

Results and Impact: The projects are beginning to collect impact data from their clients, and further results may be provided during the BDS Workshop. Meanwhile, comparing these two programmes with each other highlights a central issue within Business Development Services: can a single intervention be effective, or is an integrated set of interventions required to achieve tangible results?

Project Partners: NGOs: SITE, AKILI; Donors: ApT, DFID

Author of Paper: C. Nelson (December 1997)

Title: **Sustainable MSE training in Uganda**
Type of BDS: Training
Client Base: SME training businesses, and microenterprise clients
Institution: FIT Uganda commenced 1997

Services: FIT Uganda was formed to test the potential for private sector service companies to deliver business development services at a profit. Specifically, FIT Uganda ran training of trainer courses for people interested in running training as a business, with an initial focus on two courses, viz. (a) introducing micro and small enterprises (MSEs) to market research, and (b) facilitating the linking of manufacturers with their customers to assist new product development. In parallel, however, FIT Uganda's research has also demonstrated the potential significance of supporting *existing* private sector providers of training in Uganda, albeit refocusing their efforts on MSEs.

Client Base and Outreach: In 7 months of the project, FIT Uganda's training business partners have involved over 500 MSEs in training or workshops, and training has been delivered both inside and beyond cities and major towns. In parallel, FIT Uganda has researched the activities of 160 existing individual trainers and 89 existing training institutes operating in Uganda.

Market: The new training businesses have had to actively market their new courses, although reputation and word of mouth recommendation is now easing this task, in spite of the competition from donor subsidised courses.

Financial Viability: FIT Uganda has provided a subsidy of about 65% for each client's course attendance. There are initial signs that if the training businesses were to deliver market-sensitive business training on a much more frequent basis, to many participants, then individual training firms would be both profitable and sustainable. This is clearly how existing training providers survive.

Institutional Issues The project has encouraged the formation of autonomous private sector training businesses, who are well armed to seek further opportunities for profits from delivering training to the private sector. The project has also shown that successful private sector training businesses already operate in Uganda, although the quality of training delivered is very varied.

Funding Strategies: The key lesson from the action research efforts, and from the industry survey, is that MSE clients will pay a significant sum towards market-oriented training courses, and will sometimes meet all costs.

Results and Impact: The project is still too young for firm conclusions here.

Project Partners: ILO, Austrian Aid, EU
Author of Paper: E. Mbeine & G. Anderson (August 1998)

Title: **The Start and Improve Your Business Programme**
Type of BDS: Training
Client Base: SME training businesses, and microenterprise clients
Institution: ILO supported SIYB programmes in Zambia, Zimbabwe & Uganda during July 1996 to December 1997

Services: The Start and Improve Your Business programmes (SIYB) in Eastern and Southern Africa support entrepreneurs who want to start new businesses and those who are already in business. The two programmes have a number of linked training materials including trainer's guides, manuals, etc..

Client Base and Outreach: Both programmes are aimed at growth oriented, not survivalist enterprises, and are delivered through a range of business support organisations and private training consulting firms. The project reached more than 600 clients in the 18 month period. The project evaluations showed that the programmes often required higher levels of education than the clients possessed, and suffered from high volumes of trainees at each session.

Market: The SIYB project support unit moved from a central focus on the delivery of the programmes themselves towards working directly with training organisations to adapt the two programmes to suit their own market needs..

Financial Viability: The SIYB evaluation quotes "willingness to pay" as demonstration of client satisfaction, but in fact training charges ranged between US \$ 20 to US \$ 30, certainly not sufficient to cover even direct costs. The project provides no figures on financial viability including overhead costs.

Institutional Issues The SIYB pilot programme has provided some useful lessons on how to work with country networks of training providers. Commitment in the absence of network fees is hard to achieve, and maintaining quality is also an issue that often warrants more vigorous attention by the central project.

Funding Strategies: The pilot project evaluations did not address the critical issue of how participant training organisations should approach their own funding strategies. This is critical as it is they that deliver the SIYB courses.

Results and Impact: The start-up rate of clients post-course was 36%, with job creation of 1.6 per new enterprise. In existing firms, 0.46 jobs per entrepreneur were created. While measurement and attribution difficulties are clearly recognised, the SIYB programmes have made a good attempt at measuring its impact in its target countries, at the client level. The programme and institutional sustainability issues have not been addressed.

Project Partners: ILO, SIDA
Author of Paper: J. Musabayana (September 1998)

Title: **Business Linkages in Zimbabwe**
Type of BDS: Marketing and Linkages
Client Base: Established businesses in Zimbabwe Provinces
Institution: Project commenced 1996

Services: The Manicaland Business Linkages Project (MBLP) was formulated to (1) contribute to the diversification of the Manicaland economy, and (2) to develop an effective, sustainable, and replicable approach to encouraging business linkages. These are defined as commercial dealings between separate profit-oriented enterprises. MBLP has three operational areas: supplier capacity building, identification of linkage opportunities, and business linkage promotion.

Client Base and Outreach: The MBLP concentrates on the growth sector of the local economy, and in industries where there is a sufficient critical mass of buyers seeking efficiency and specialisation through business linkages. To end 1997, MBLP has supported 72 buyer/supplier linkages involving buyers from 4 sectors, and suppliers from 9 supplier sub-sectors.

Market: The project has found it useful to take an economic sub-sector approach, and in Manicaland has focused particularly on forestry/timber and related industries such as wood products, timber transport, and silviculture.

Financial Viability: Viability can be defined as viable ongoing linkages which contribute to greater economic efficiency and enhanced social equity (ie. Increased indigenisation of the economy), and as viability of the "business linkages operation" as a continuing local business development service.

Institutional Issues The Confederation of Zimbabwe Industries (CZI) is the project holder of the MBLP, with a Project Management Committee overseeing the Project Manager and project implementation.

Funding Strategies: MBLP, in its second phase, is now seeking to evaluate and "price" its business linkage services so as to achieve operational sustainability. Meanwhile, the project, and its replication is dependent on donor financing, while keeping its services low-cost and "minimalist" by encouraging the private sector itself to deliver most inputs.

Results and Impact: MBLP is still new, and its experience limited. There is evidence that there is a growing business linkages culture, increasing involvement by buyers, and vigorous growth amongst suppliers. Quantitative evidence on job creation and business performance improvement is now being sought from project partners.

Project Partners: CZI, Ministry of Industry and Commerce, NORAD
Author of Paper: J. Grierson & D. Mead (September 1998)

Title: **Experiences from FIT Program - Kenya**
Type of BDS: Information for MSEs
Client Base: Micro and Small Enterprises (MSEs) in Kenya
Institution: Project commenced 1994

Services: Fit Resources Ltd, Kenya, delivers products that improve the information environment faced by MSEs so that they can respond more effectively to market signals. Products include “user-led innovation (ULI)” which facilitates product discussions between producers and customers, resulting in product design and marketing improvements, and also “enterprise visits (EV)” where the benefits include technology innovations, changes in management practice, and additional business confidence. A third service is “information dissemination” which will draw on experience of producing free information sheets whose cost is met by advertising.

Client Base and Outreach: Four ULI activities have been implemented, involving the participation of 56 MSEs, including metal workers and other producers, and more than 300 farmers as potential customers. Related events such as trade fairs and information dissemination reached many more MSEs. Enterprise visits have involved more than 70 MSEs. Information dissemination is just beginning.

Market: Essentially, FIT Kenya is introducing new “information products” to MSEs in Kenya, and hence is developing a new niche market, where competition is only just starting up in response to FIT’s initial activities.

Financial Viability: ULI attendees contributed towards some costs. Enterprise Visit participants paid for up to 50% of costs, although other MSEs arranged later visits for which no donor subsidy was involved. The FIT Programme is committed to continuing to find cost-covering approaches to information dissemination.

Institutional Issues: FIT Resources’ essential role is as a facilitator and promoter of innovations, and where these innovations are taken up on a self-sustaining basis by individual MSEs, institutional issues are secondary. The Paper provides no details on the institutional issues relating to FIT Resources Ltd.

Funding Strategies: FIT Resources funding strategy is expressed best in its attitude towards sustainability: business development services must have the potential to become sustainable, if they are to reach large numbers of MSEs.

Results and Impact: Evaluation of project activities demonstrated changes in attitude towards exchanging information, the need for marketing, and the willingness to contribute towards costs. From the enterprise visits, 75% of MSEs increased their labour force.

Project Partners: FIT Programme
Author of Paper: M. Masbayi, FIT Resources Ltd, Kenya (September 1998)

Title: Experiences with the System of Information of FITNET Benin

Type of BDS: Information provision to MSEs

Client Base: MSEs, farmers, development workers

Institution: FITNET commenced 1997, with 2 professional staff

Services: FITNET Benin has been providing a range of Business Development Services, including Rapid Market Appraisal, Exchange Visits etc. However, this Paper focuses on the network of Contact Points which has been established. FITNET is now offering a Question-and-Answer Service through this network to MSEs nationwide. Contact Points are essentially the field offices of 38 partner organisations. Questions cover a wide range of topics, including equipment and technologies (50% of questions), technical advice (15%), etc.

Client Base and Outreach: 120 Contact Points are now operational, giving access to an estimated 200,000 potential clients including entrepreneurs, farmers and development workers. Efforts are being made to extend the network to neighbouring countries.

Market: Initial market research has indicated a high demand. 127 questions have been formally registered and answered in the last six months. 95% of clients have paid the required fees for their participation.

Financial Viability: Clients must pay an initial fee of up to US \$2, in order to ask a question. To receive the answer to the question, clients pay an additional charge, calculated at 5 times the price of related photocopying. The revenues thus generated to date have been US \$ 420, with the direct costs of answering those questions being US \$ 1,360. Indirect costs of \$ 280 per month are not included, since the office is also engaged in the provision of other services. The hope is that, in the long term, many questions will be asked on the same topics, reducing substantially the cost of researching the answers. This may require that Contact point numbers be expanded, and that the service be actively promoted.

Institutional Issues: FITNET has benefited substantially by being attached to the Centre for Technical Support (CAT), which is covering about 25% of FITNET's running costs. It is not clear from the Paper how CAT is able to make this contribution, nor how far into the future the support can continue.

Funding Strategies Apart from the support of CAT, and the income generated by answering enquiries, income and technical support has been provided by TOOL from Amsterdam, with Dutch funding. This has now come to an end.

Results and Impact: "Willingness to Pay" has been taken as the proxy indicator of impact; no impact monitoring information is offered.

Project Partners: FIT/TOOL

Author of Paper: Abdou Hanzize Ocen, National Coordinator , FITNET Benin

Title: **AMKA: Export Market Development Services for SMEs**
Type of BDS: Marketing and Linkages
Client Base: Established businesses and market intermediaries
Institution: Commenced 1994, 3 staff,

Services: AMKA provides business training and advisory services, trade promotion and intermediary services, and market research, for intermediary organizations and producer businesses seeking to export. Focus on gender issues is promoted by AMKA as part of its fair trade principles.

Client Base and Outreach: AMKA provides quarterly one-to-one advisory and counselling services to its regular clients (18 in mid-1998), as well as business development training workshops, trade fairs, and support services for intermediary organizations, Government institutions, and producers and buyers.

Market: AMKA's services represent an export-development niche within a local context where other more general BDS providers are emerging. Its concentration on the food processing and handicrafts sector is a key strength.

Financial Viability: The proportion of internally generated funds has increased from 5% of costs at start, to 41% in the last year. The bulk of this income derives from consultancy and charges to ATOs, rather than from local core services.

Institutional Issues: AMKA has benefited from a strong focus by its northern partner, external donor, and its own staff on institutional development through Board and staff development and training. The staff have a high level of competence, and have achieved a solid reputation amongst their clients and other stakeholders.

Funding Strategies AMKA has been successful in (a) diversifying its sources of donor finance, and (b) in generating revenue from consultancy work or from its support services to ATOs. Its future emphasis will be on market-based pricing for its core services and this will assist its financial self-sustainability to exceed 50%. AMKA is now considering setting up their own export trading arm, partly in order to generate revenue, but this will also raise serious new challenges.

Results and Impact: During the life of the project, AMKA's clients have increased their export sales (by c. US \$ 1.1m), 75% of clients have reached new markets, and export related self-employment has increased by 43%. Jobs and incomes are increasing as a result of AMKA's work. While attribution of these changes to AMKA is difficult, it seems likely that every dollar invested in the AMKA project may generate around \$2-\$3 in additional income.

Project Partners: DFID, Traidcraft Exchange UK, Others
Author of Paper: L. Tomesen & A. Gibson (August 1998)

Title: **ZIWA Creations**
Type of BDS: Marketing services for SMEs
Client Base: Informal sector
Institution: Private sector company; registered July 1997

Services: Ziwa Creations origins stem from the Kisumu Innovation Centre - Kenya (KICK), a BDS organisation concentrating on business support services, particularly product design and marketing. Ziwa was launched as a for profit organisation to enable commercially oriented activities to develop separately from KICK's wider business development mission.

Client Base and Outreach: Ziwa's aims include to increase the production capacity of MSEs by working with at least 150 artisans by the year 2000, building on the 20 artisan partners in July 1997. The client base is mainly men, involved in metal working, with 0-5 employees, but with more women coming in with woven products. Through its outreach Ziwa aims to increase its own sales, and range of products sold. Its initial five outlets have now grown to ten.

Market: As well as facing competition in terms of buyers and products, Ziwa is also operating in the same context as suppliers being assisted by other business development services in Kenya, often donor supported.

Financial Viability: Ziwa financial viability aims are constantly challenged by the trade-off between developing more artisans from a low base, or just working with existing artisans or better-resourced suppliers. In addition, Ziwa offers good terms of trade to artisans (paying cash) but provides credit to its own buyers. Ziwa's business plan envisages profitability in four years.

Institutional Issues: Ziwa Creations' staff have adapted quickly to delivering an effective and efficient marketing service on a commercial basis, with lower overheads and a change from an NGO mindset to a businesslike outlook. Ziwa's staff are shareholders, and will be paid sales commissions and a share of profits.

Funding Strategies Ziwa has to focus on offsetting a rapidly declining contribution from external donors. This is encouraging it to be tighter about the costs it is prepared to meet and the prices it will accept for its products. Nonetheless, the tension between "how commercial" as against "how developmental" it should be continues to be a constant challenge to Ziwa.

Results and Impact: Ziwa is still new, and its results will be seen in terms of sales and profits. Measuring its development impact may be more difficult, but perhaps less necessary?

Project Partners: DFID, and private shareholders
Author of Paper: M. Onyango, Ziwa (September 1998)

Title: **ApproTEC: Developing technology based business opportunities**
Type of BDS: Technology
Client Base: Manufacturers and technology users in Kenya
Institution: Commenced 1991, 40 employees, 3 offices

Services: ApproTEC provides technology services to medium, small and micro-enterprises. Its tasks include identification of high potential opportunities, designing and developing new technologies, and then working with manufacturers and retailers to make, market and sell these technologies.

Client Base and Outreach: ApproTEC works very closely with engineering workshop businesses who manufacture their technologies. The ultimate users include small farmers (pedal irrigation pumps), and rural and urban businesses (oilseed press). Technology may be purchased by men, and operated by male labourers, but day to day management is often by women.

Market: ApproTEC has only one technology focused competitor, IT Kenya, but, in comparison, ApproTEC concentrates on a business-like approach to technology development, seeking commercially viable, rather than poverty-focused, technology interventions.

Financial Viability: ApproTEC does not seek to achieve financial sustainability through charges to businesses. Its view is that significant technology development can only occur in Kenya through public investment, ie through external donor assistance.

Institutional Issues: ApproTEC's institutional strengths lie in extensive technology design, development and transfer experience and expertise, as well as a more recent enhancement of marketing capacity.

Funding Strategies ApproTEC will continue to seek donor funds to develop technologies, and will not seek to cover technology development costs from manufacturers and other clients. It will seek to charge out core central and administration costs to individual projects. Consultancy income, which can be significant, is seen as a distraction from the core business.

Results and Impact: ApproTEC claims to have promoted the creation of 8,000 jobs through the sale of 4,100 pieces of equipment. Increases in food processing and agricultural production through the use of the new technologies suggest significant and very positive changes in income and employment. In terms of outreach and impact, rather than sustainability, ApproTEC does very well.

Project Partners: USAID, DFID, Netherlands, Kenya Private Sector, Others
Author of Paper: M. Havers (August 1998)

Title: CEFE Network Project for Micro-enterprises
Type of BDS: Meso-level Institutional Capacity Building
Client Base: BDS NGOs and Micro-enterprises in South Africa
Institution: Project commenced 1994, working through intermediary NGOs

Services: .CEFE is a set of training instruments and approaches designed to impact on both key personnel of business support institutions, and on existing and potential entrepreneurs, so that they can contribute to enhanced enterprise development. The CEFE Network Project in South Africa works through 6 NGOs already active in business development or credit services.

Client Base and Outreach: . CEFE Network's primary client base is the member NGOs who deliver courses in business start-up, business growth and expansion, and business restructuring. The ultimate outreach target group are potential/ existing micro-entrepreneurs in urban or rural areas, with two-thirds of trainees being women. 2000 course participants had been trained by 1998.

Market: South Africa has a significant number of competing business training products (Township MBA, ILO/SYB/IYB, BSSA training courses), as well as myriad Government, NGO and private sector training providers. CEFE has allied itself with some of the more significant and long established NGO players.

Financial Viability: The CEFE Network Project is not designed to be self-funding itself. This is instead a day-to-day concern of the member NGOs. For their microenterprise clients, an impact evaluation into 10% of training course participants showed a reluctance to contribute significantly towards costs.

Institutional Issues: The Project essentially sees itself as a Network of business support providers, with the CEFE Secretariat as the "anchor". The key institutional issue at this stage is who will succeed the donor as the funder and facilitator of the Network and its secretariat?

Funding Strategies Project experience shows the dilemma for BDS NGOs (in South Africa) who can attract significant donor funding for "survivalist" business training, but these funds diminish as they target growth enterprises. The NGOs, with CEFE Network's help, are only just beginning to target the latter businesses, and to test out the degree of cost-recovery attainable in this sector.

Results and Impact: , An impact evaluation demonstrated that business performance improved for most microenterprise participants post-training course, but an assessment of the impact of the project on enhancing the capacity of the NGO partners would be as relevant.

Project Partners: GTZ, Triple Trust, FEBDEV, Get Ahead, IBEC, and others
Author of Paper: D. Adhikary (1998)

Title: **ISTARN: An experimental approach to business support**
Type of BDS: Meso-level Institutional Capacity Building
Client Base: Informal sector associations and small enterprises in Zimbabwe
Institution: Project commenced 1995

Services: The Informal Sector Training and Resource Network (ISTARN), in Masvingo Province in Zimbabwe, aims to increase employment opportunities locally by supporting the informal business sector. ISTARN's major areas of activity are through traditional apprenticeships, small business advisers, informal sector associations, and a marketing intermediary support programme.

Client Base and Outreach: There is a throughput of 150 enhanced traditional apprentices per year. ISTARN trained Small Business Advisers (SBAs - who are employed by other NGOs or Government) visit their clients c. 6 times p.a. There are seven Informal Sector Associations (ISAs) which have two main activities, bulk buying and selling, and a tool-hire-to-buy scheme. In addition the new marketing intermediary arrangements are reaching out to further SME clients.

Market: ISTARN has rapidly found a market for its business support enhancing activities, not unexpectedly given the degree of donor involvement. More interestingly, ISTARN is concluding that the more critical problem is the lack of markets for its ultimate clients's businesses. Consequently, ISTARN is looking into developing intermediary marketing operations.

Financial Viability: Cost recovery details on ISTARN's services are few, but some revenue is raised from SBA specific activities like training, and business plan and loan application services. Within ISAs, revenue is raised through their wholesaling and other schemes.

Institutional Issues: The Informal Sector Associations have presented some useful institutional development opportunities and challenges, for example in terms of increasing women's involvement, and discouraging "original" members from preventing new members joining and thus sharing the benefits.

Funding Strategies While several of ISTARN's activities generate funds for itself or its delivery agents, there is little comment on how the project as a whole will continue or sustain itself.

Results and Impact: 90% of ISTARN's traditional apprentices have gone into self-employment (57%) or found jobs. Of 53 client businesses interviewed, sales had increased by 34%, and number of staff employed by 46% (1.3 new jobs per business), but attributing the extent of these changes to ISTARN inputs remains problematic, as in other cases.

Project Partners: GTZ, Ministry of Higher Education & Technology
Author of Paper: A. Carlton & D. Hancock (September 1998)