



## ELMT “GOOD PRACTICE” BIBLIOGRAPHY

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### ENTERPRISE DEVELOPMENT

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#### A. INTRODUCTION

Enterprise development by NGOs takes many forms and the precise intervention methodology is guided by the project’s orientation and key entry points, the extent to which the target beneficiaries actively participate in and engage with the market, and the nature of the specific sector in which the intervention is being undertaken. In most NGO enterprise development projects the focus is generally on micro-enterprises i.e. building the business skills and enhancing the technical capacity of individual households or groups that carry out informal business activities.

In most cases interventions aim to: increase production volumes of agricultural commodities (including livestock); improve the quality of the product; assist in accessing markets and securing a better and more consistent price. Strategies include: aggregation, bulking, grading, processing and facilitation of market linkages with the formal market of the particular commodity in question. Increasing and improving access to inputs and services needed (including financial services) in order to expand production, improve quality and reduce spoilage and product deterioration as well as strengthening agronomic and animal husbandry skills are also important components.

In the absence of appropriate service providers and community willingness to pay the full cost of these services, development organizations generally provide these supports for free, particularly if the intervention is seen as a one-off and would permanently address the barriers to market entry by the micro-enterprises. However, the challenge of interventions requiring recurrent support to the micro-enterprises are often under-estimated and unless mechanisms are established where the community-level micro-enterprises can acquire these goods / services from a reliable local institution on a fee-for-service basis, the sustainability of the intervention and exit strategy for the development organization can be problematic. In addition, development organizations have tended to insert themselves in the value chain by taking on market functions which leads to dependency and a breakdown of market linkages once the development project comes to an end.

Another critical error by development organizations is that they assume that there is “a production problem” and that all that needs to be done is increasing the output of the product / commodity. This is a default reaction by many development organizations as they are most comfortable using the community-level as their entry point and it is also an area in which their organizational skills / niche is strongest. However, many such interventions end up assuming that the market for the products exists and is both stable and elastic, which leads to community-level micro-enterprises producing goods which they cannot then sell into the market. Undertaking a thorough market assessment should help avoid this mistake and applying a more systematic Value Chain Assessment can help identify the constraints and bottlenecks exist in the value chain as a whole.



Further, development organizations often seriously under-estimate the risk of failure in micro-enterprise development. Just as with other more sophisticated SMEs (Small and Medium Enterprises) in the formal market, risk is an inherent part of enterprise. Most businesses fail within their first year and many take between 3-5 years to break even. Micro-enterprises are similar in this respect, therefore it is essential that development organizations undertake careful assessments of the community-level micro-enterprises and the risks involved before supporting their businesses. Community members involved in the informal sector are often quite vulnerable and may not be able to fully recover if their micro-enterprise does not succeed.

Finally, specialist development organizations have developed tools, skills and approaches to strengthen SMEs at higher levels of the value chain and have helped them access debt and equity financing, develop export markets for their products, etc. Other less specialist NGOs should consider partnering with such development organizations as well as the formal market actors in the selected sectors and encourage them to undertake more of the upstream development. This will greatly increase the chances of success and overall sustainability of the community-level micro-enterprises.

## **B. USEFUL DOCUMENTS**

### **1. *Alternative Livelihoods Development Framework: Guidelines for the Identification, Selection and Development of Alternative Enterprise Opportunities, Compiled by Farouk Jiwa and Kiama Wanjau (ELMT / CARE Kenya), May 2008.***

This is a useful compilation of material on how to identify possible micro-enterprises and systematically screen them, check-lists, key principles to bear in mind when undertaking enterprise development interventions as important terminology and various approaches. It also contains additional references and links to other resource material.

[http://www.elmt-relpa.org/aesito/elmt?&id.cms\\_doc=34](http://www.elmt-relpa.org/aesito/elmt?&id.cms_doc=34)

### **2. *Start and Improve Your Business (SIYB), International Labour Organisation***

Very useful publication including training modules and ToT material on starting a business and improving existing businesses. Considered to be one of the most important toolkits for enterprise development with structured sections covering aspects like marketing, sales, costing, management, record keeping.

<http://www.ilo.org/Search3/searchOnFast.do>

### **3. *IFC SME Toolkit***

A step-by-step series of web-based modules on all aspects of Small and Medium Enterprise Development. Many of the principles and key components apply to micro-enterprises at the community level as well.

<http://www.smetoolkit.org/smekit/en>

### **4. *The Basics of a Business Plan for Development Professionals. Nick Fante, Daniele Giovannucci, Cheryl Edelson Hanway, from: A Guide to Developing Agricultural Markets and Agro-enterprises, edited by Daniele Giovannucci.***

A business plan is not only for private sector companies that seek financing. Its rigor encourages a thorough assessment of every important aspect related to the feasibility and sustainability of a project or enterprise. It covers topics that are sometimes overlooked or insufficiently addressed in development projects such as: market orientation; market analyses; detailed operational procedures; intangible assets; and realistic financial projections. Therein lies its value to development initiatives: providing a thorough, private-sector style strategy to help ensure a well-planned and viable project.

[http://www-wds.worldbank.org/external/default/WDSContentServer/WDSP/IB/2007/07/17/000090341\\_20070717114027/Rendered/PDF/402680Basics1of1a1Business1Plan01PUBLIC1.pdf](http://www-wds.worldbank.org/external/default/WDSContentServer/WDSP/IB/2007/07/17/000090341_20070717114027/Rendered/PDF/402680Basics1of1a1Business1Plan01PUBLIC1.pdf)

### **5. *SEEP Guide to Business Development Services, SEEP Network***

The SEEP Network is an organization of more than 60 international private and voluntary organizations that support micro and small business and microfinance institutions in the developing world. This document systematically lays out the various aspects of BDS and outlines the common approaches, the need for fee-for-service models as well as provide useful examples of successful BDS interventions in other development projects around the world. Available at [www.seepnetwork.org](http://www.seepnetwork.org) as

well as numerous other tools and resources for small business, micro-enterprise development and microfinance.

**6. *'Making Markets Work for the Poor' Unleashing Entrepreneurship: Making Business Work for the Poor CARE Canada, 2004***

This document distills some of the key lessons learnt from across CARE's work in various enterprise development projects around the world. It contains some key principles to bear in mind as well as common mistakes to avoid, explains key concepts and lays out a suite of approaches. It also helps to clarify the transition from the charity orientation towards a more disciplined market-based approach.

Available at [www.care.ca](http://www.care.ca)

**7. *Non-farm Rural Enterprise Development by John E. Lamb Chemonics International. From A Guide to Developing Agricultural Markets and Agro-enterprises. Edited by Daniele Giovannucci.***

Non-farm rural enterprise development makes significant and vital contributions to many aspects of rural development. The author reviews the characteristics of such enterprises and the reasons for their success or failure. Some background and best practices are outlined for development projects in this field. His detailed operational guidelines for enterprise development focuses on two approaches: the issues for the private enterprise to consider; and the issues and questions that the public sector needs to address when considering support to such enterprises. Copious resources (section IV) complement the practical advice.

Available from the Livelihoods Diversification TWG: [fjiwa@care.org](mailto:fjiwa@care.org)

**8. *Seminar Reader: Developing Commercial Markets for Business Development Services. September 2003. Alexandra O. Miehlsbradt and Mary McVay for the Small Enterprise Development Programme of the International Labour Organization***

Presents the fundamental principles of BDS market development and summarizes key tools. This document is illustrated with examples of how these principles and tools are applied. It is an introductory resource for newcomers to the field and a useful reference for experienced BDS professionals.

Available from the Livelihoods Diversification TWG: [fjiwa@care.org](mailto:fjiwa@care.org)

**9. *IGA Selection, Planning and Management: A Training Course for the Participants of CARE Uganda's EcoDev Projects. Based upon a training course developed by Anne Ritchie, Fahmid K. Bhuiya, Harun-or-Rashid of CARE Bangladesh's Small Economic Activity Development Sector and a training concept developed by The Income Diversification Project of CARE Bangladesh's Rural Maintenance Program. March 2004***

IGA Selection, Planning and Management, is a training course for both literate and non-literate who are interested to start or improve their income generating activities. CARE Uganda first piloted this training through "Veterans Integration Through Extension of New Development Opportunities" (VITENDO) and later with JENGA Projects in the West Nile region. CARE Uganda was inspired by a training course developed in 1994 by CARE Bangladesh's Small Economic Activity Development (SEAD) Sector and based upon a training concept developed in 1991 by CARE Bangladesh's Rural Maintenance Program (RMP). CARE Bangladesh's SEAD sector trained Bangladeshi NGOs in topics related to micro enterprise development. RMP, which employed destitute rural women to maintain a network of rural roads throughout Bangladesh, helped its participants to develop income generating activities so that they did not fall back into destitution following their release from wage employment. RMP developed the Income Diversification Project (IDP) in 1991 to enable the women who were scheduled for release to select appropriate IGAs based upon a careful assessment of their skills and resources. This is a very useful tool for VS&L groups starting new micro-enterprises as well as other basic community-level micro-enterprises.

Available from the Livelihoods Diversification TWG: [fjiwa@care.org](mailto:fjiwa@care.org)

**10. *Rapid Market Appraisal: a Manual for Entrepreneurs / Rapid Market Appraisal: a Manual for Trainers. ILO InFocus Programme on Boosting Employment through Small Enterprise Development. International Labour Organisation, FIT Programme. Geneva: ILO, 2000.***

Available from the Livelihoods Diversification TWG: [fjiwa@care.org](mailto:fjiwa@care.org)