

BUSINESS DEVELOPMENT SERVICES:

A Framework for Analysis

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A Frame Work for Analysis

Working Paper

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Foreword

Business development services (BDS) were highlighted as an area for future work in the Inter-American Development Bank's micro-enterprise development strategy paper, MICRO 2001, which was presented at the Promoting Growth With Equity Conference in November 1995. Since the Bank's experience in this area is limited, the Microenterprise Unit undertook in January 1996 to investigate current practices in the provision of BDS to small and microentrepreneurs in developing countries around the world. Business Development Services: A Framework for Analysis presents the preliminary results of the research, in the form of a matrix which categorizes current BDS initiatives by targeted business activities and service delivery mechanisms.

The examples used in the framework were gathered from a variety of sources, including project proposals, reports, and evaluations; studies of a related nature, and interviews with practitioners. Rather than best practices, the BDS initiatives described here are intended to reflect the current state of affairs in the field. The examples used here represent only a fraction of those collected during the course of the research. The Microenterprise Unit will be compiling one-page profiles of BDS programs in Latin America and the Caribbean. This information will constitute a database available to Bank staff and possibly to outside institutions through an internet connection.

Further research will focus on unearthing examples that reflect local, self-sustaining approaches to BDS, as well as donor-supported projects that use innovative cost-recovery mechanisms. Several programs will be used as case studies, which would form the basis for a discussion of cost-recovery and long-term sustainability in BDS.

Information concerning recent BDS initiatives would be appreciated and may be sent to:

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Introduction

PURPOSE AND SCOPE

The purpose of this study is to provide an overview of current practices in the provision of business development services (BDS) to small and microentrepreneurs in developing countries. The document is meant to serve as a resource for Bank staff and other development practitioners who play a role in evaluating proposals and designing, implementing, and evaluating projects which target the microenterprise sector.

By business development services, we mean services such as training, technology transfer, marketing assistance, business advice, mentoring, and information, which are aimed at helping small and microentrepreneurs improve the performance of their businesses. Business development services have traditionally been called non-financial services, and are sometimes offered in conjunction with credit and other financial services.

SUSTAINABILITY AND SUCCESS

It is now widely recognized that the provision of credit to microentrepreneurs is a sustainable activity since microfinance institutions can cover their operating costs through the interest rates they charge to their clients. The methodologies used in sustainable microlending were developed over a period of years, based on several well-known successful models. The provision of business development services, on the other hand, has not yet been shown to be a sustainable activity. BDS programs have not progressed beyond the subsidy stage. Some practitioners argue that BDS programs, because of their nature, will never be able to cover their own costs. In any case, it seems to be a worthwhile effort to try to discover how many, or which, BDS programs *do* recover some portion of their costs.

There are several reasons for this increasing focus on cost-recovery in BDS programs. First, there is the growing scarcity of donor resources. Second, there is a natural reaction to the success achieved in the microfinance field (i.e., if it's been done with financial services, why can't it be done with non-financial services?) Most practitioners would agree that even if it is not possible to reach 100% cost-recovery with BDS programs, the advances made in microfinance show that adapting cost-efficient methodologies and business principles can make a substantial difference in the proportion of costs recovered.

There is no accepted definition of success for BDS programs, due to the difficulty of measuring impact, to the wide range of services provided, and to differences in the environments in which the programs operate. Without a definition of success, no consensus can be formed on which BDS programs embody *best practice* in the field.

This study attempts to take a first step toward identifying indicators of success, examples of best practices, and lessons learned in the field of BDS. A necessary first step in this process is to clearly define and categorize the different types of BDS programs that currently exist.

CATEGORIZATION OF BDS PROGRAMS

The goal of categorizing these programs was: to begin to understand which types of programs could be compared to each other; to understand which services are most frequently aimed at microenterprises, and which are aimed more at small or medium-sized enterprises; and to look for recognizable patterns, issues, and lessons in the provision of BDS.

The framework proposed here groups BDS programs into categories, according to: 1) the delivery mechanism used; and 2) the business activity targeted by the service. Originally, an attempt was made to categorize the programs by what *service* they provided. This was difficult due to the large number of programs offering multiple, or integrated services. Other problems arose when trying to classify BDS programs based on the formation of networks of microentrepreneurs. Networks can act as a delivery mechanism for services; they can at times be the recipients of services, but a network in itself is not a service. Thus, it appeared more useful to think in terms of *how* the service is delivered to the entrepreneur, and then consider how the service affects the business – i.e, improved production techniques, greater access to markets, better management skills or strategies, and increasing regulatory compliance.

TRAINING

The only exception to this categorization process was training. The difficulty in categorizing training in terms of the targeted business activity is that there are several types of training which target *potential* entrepreneurs, or *communities* where entrepreneurs live. In these cases the training may focus on more general skills, such as literacy or leadership, that do not necessarily correspond to a certain business activity; or if they do, the people in the training courses may not actually be operating a business. Although entrepreneurship development training might not fall under a strict definition of business development services, the decision was made to consider all types of training targeting the microenterprise sector, whether directed at present or future entrepreneurs. The training matrix was constructed separately from the BDS matrix in order to include examples of entrepreneurship development and community development training in addition to credit, management, and production-oriented training.

LESSONS FROM THE MATRIX

The examples of BDS programs that are presented in Tables 1 and 2 are a small fraction of the examples collected during the course of this study. They were selected simply because they seemed to be the most representative of their categories.

A pattern that emerged when filling in the matrix was that many BDS programs target more than one business activity. This proved more true for certain types of interventions than for others; for example, the technology transfer programs tended to address all activities except for regulatory compliance. Information referral centers also covered a range of business activities. By contrast, networks seemed to deal with more specific needs, such as the purchase of inputs through a wholesaling mechanism, or shared production facilities for crafts producers.

Another pattern that emerges from the matrix is the relatively heavy emphasis on marketing. This makes sense, given that after lack of access to financial services, lack of access to inputs or raw materials and saturated markets are two of the most commonly cited constraints facing microentrepreneurs.

As far as the size of business targeted, there do not seem to be any recognizable trends across categories, especially given the limited amount of information that was collected about each program.

One question that emerges with regard to the sustainability of BDS programs is whether it is the more specialized interventions or the integrated interventions that have greater success in recovering costs. It seems that narrowly focused services are more likely to include some type of

¹ Several sources cite these as primary constraints, including: Silcox, Stephen, Jansen, Annica, and Baughan, Mark. *Strategic Options Paper for Malawi Small Enterprise Support Institutions*. USAID/GEMINI Report, 1994. Levitsky, Jacob, ed. *Microenterprises in Developing Countries*. International Technology Publications, London, 1989.

fee to the entrepreneur, whereas the more integrated approaches are more difficult to charge for. For example, both in Save the Children's Network program in the Philippines and in Corposol's wholesale depot in Colombia, the service provider recovers some or all of their operating costs by lowering the price that the entrepreneur would have had to pay a middleman, and splitting the difference with the entrepreneur. In this case, the lower input price paid by the entrepreneur is a tangible benefit, part of which the service provider uses to sustain the operation. By contrast, broader-based BDS programs, such as traditional business training courses or information referral centers, tend to recover a much smaller portion of their costs. In broad-based interventions, it is difficult to measure the benefits to the entrepreneur, and therefore more difficult to either charge the entrepreneur a fee or direct some of those benefits towards the sustainability of the program.

ALTERNATIVE SUBSIDY MECHANISMS

Some training courses have been able to recover a fairly high percentage of their costs, for example, the GAMA/IDB Voucher Training Program in Paraguay. It is worth noting that within the Voucher Training Program, the trend has been towards the emergence of more narrowly focused courses designed to transmit a specific skill in a short period of time. In this program the microentrepreneurs' benefits are clear: for caterers, the recipe and procedure for making a new dish, for electricians, the way to work a new type of wiring system, etc. Since the entrepreneurs can earn back the money they spent on the course by selling a new service, they are willing to pay for at least half the price of the course.

² In informal interviews with Bank staff, *some* entrepreneurs have indicated that for certain courses, they would be willing to pay 100% of the training cost. (Cost here refers only to operating cost.)

The Voucher Program is an interesting example not just in the cost-recovery area, but in the mechanism used to provide the subsidy. Because the training institutions can only redeem their vouchers after a microentrepreneur has attended 75% of their course, the unpopular courses are not receiving a subsidy from the program. The courses in high demand do receive subsidies. This is one alternative to the traditional procedure of development practitioners choosing which institution to subsidize. In the Voucher Program the entrepreneurs decide for themselves which course is best meeting their needs, directing the subsidy through their demand to support worthwhile courses.

Another effect of the program has been the creation of a competitive environment among the training institutions who are lowering their prices in order to compete for a share of the voucher market. The subsidy, then, is helping to foster market behavior among BDS providers. The idea of creating a competitive market by providing incentives for the delivery of high-quality, low-cost services is one that has long been espoused by donors as a goal. How exactly to do it, however, is not clear.

More research is needed to uncover other examples of BDS programs that are on the path to sustainability, and to know how far along that path it is reasonable to expect a BDS program to progress. It is possible that non-financial interventions to promote enterprise growth will continue to require subsidies, but it is also possible that the percentage of a program's operating cost which requires a subsidy can be reduced, by using innovative or efficient cost-recovery, delivery, and subsidy mechanisms.

³ Grupo de Asesoría Multidisciplinaria (GAMA). *Estudio del Mercado de Capacitación Microempresarial y Descripción del Programa de Bonos de Capacitación*. Montevideo, Uruguay, 1996.

NEXT STEPS

The information on the projects used as examples in this study is too limited to provide lessons about what works and what does not work in the field of BDS. Instead, the study should be regarded as a tour guide which maps out the *supply* of BDS. In order to come up with viable indicators of success, it is necessary to analyze further the relationship between the demand and supply of BDS services, to better understand what impact BDS programs have on their clients, and to define what are reasonable expectations for the sustainability of BDS programs.

The next steps to be taken by the Microenterprise Unit of the IDB will address the issues raised above. A database comprised of short profiles of BDS programs in Latin America and the

Caribbean is currently being built. The program will be accessible to all Bank staff and could be hooked up to an internet connection if other institutions demonstrated interest in accessing the information.

Research is also underway for the writing of case studies on three BDS programs in Latin America and the Caribbean. The studies will focus on the cost-recovery mechanisms used and the levels of sustainability reached by the programs. Sustainability in this context refers to the percentage of costs covered, but also the implications for institutional and BDS market structures. A concluding chapter, published with the case studies, will aim to provide a reasonable set of benchmarks against which BDS program sustainability can be measured.

Targeted Business Activities and Service Delivery Mechanisms

Working Definitions

BUSINESS ACTIVITIES

In this study, services were considered in terms of the direct effect they have on the business, in four areas: production, marketing, management, and regulatory compliance. For example, BDS programs designed to improve production techniques would be classified under production, programs designed to assist microentrepreneurs in their marketing efforts would fall under marketing, etc. Following are specific definitions of business activities as they apply to microenterprise.

Marketing means business activities related to the design, pricing, sale and distribution of products, advertising or promotional activities, and acquiring access to raw materials, inputs, and equipment. Acquiring access to foreign markets and/or suppliers (exporting or importing) is considered a marketing activity.

Production can mean the actual production of agricultural, manufactured, or artisan goods, as well as the rendering of services that involve production, such as bicycle or automobile repair, food preparation, tailoring, shoemaking, etc.

Management refers to tasks which include financial planning and record-keeping, hiring, training, and firing employees, and long and short-term business planning.

Regulatory Compliance refers to paying taxes, obtaining licenses and permits to operate, or

adjusting business practices in order to comply with local safety, health, or environmental standards.

DELIVERY MECHANISMS

The term Delivery Mechanism, in this context, refers to the *way* in which business development services are transmitted to microentrepreneurs. For example, information about markets can be transmitted through an information referral center, an individual counseling session, or through networks.

Networks are associations of entrepreneurs which provide a source of mutual support, as well as the potential to form cooperative linkages and perform advocacy functions. Networks are often formed at the community level; in other cases entrepreneurs are brought together by NGOs or donor institutions.

Subcontracting and Franchising: The former refers to an arrangement whereby larger enterprises contract out a portion of their work to small and microentrepreneurs; the latter refers to an agreement between a supplier of a standardized product or service and small businesses who agree to act as distributors or deliverers of the good or service. In a subcontracting arrangement, the small businessperson has a guaranteed customer who will buy the output he is producing; in a franchising agreement this is not necessarily true.

Technology Transfer refers specifically to helping entrepreneurs access and use new inputs, equipment, or production processes which can increase their efficiency, scale, and returns. This service is often delivered to microentrepreneurs as part of an integrated series of interventions, using the sub-sectoral approach.

Counseling (or business advice, or mentoring) is usually delivered through one-on-one interaction. It includes a range of services, such as: assistance in developing business plans, loan applications, legal advice, assistance with licensing and registration procedures, audits, feasibility studies, and insurance advice.

Consultancies refer to *technical assistance* given by a consultant or team of consultants with business experience. They conduct on-site diagnostic analyses and recommend solutions to increase the entrepreneurs' returns. Consultancies are often related to the accomplishment of a specific task or the making of a specific decision, as opposed to counseling which is of a more general nature.

Business Incubator refers to a system where newly established firms share a building site, with individual offices and/or workshops for the entrepreneur, as well as common space for shared services such as: secretarial support, meeting rooms, and access to hardware or machinery. At the core of the business incubator system is the availability of mentoring services and technical, financial, design, and managerial training support.

Referral Centers direct entrepreneurs to credit or technical assistance providers, communicate prices, design trends, production standards, appropriate technology information, or assist entrepreneurs in joining or forming a network or cooperative. A common practice for making market information available is the use of an electronic information system. A *One-stop shop* refers to an information center where most of the

services to which the entrepreneur is referred are available on-site. For example, the INSOTEC Centers in Ecuador offer, on-site: credit, training, technical assistance, equipment rental and sales, and supply of raw materials.

TYPES OF TRAINING

Entrepreneurship Development refers to training which targets *potential* entrepreneurs, encouraging them to start up a business by developing the personal, organizational, and administrative skills needed. Entrepreneurship development courses also transfer specific production-related skills. A subset of entrepreneurship development training is *worker retraining*, directed at former employees of privatized or downsized companies, that encourages some workers to start their own enterprise.

Credit Orientation refers to training, often mandatory, that accompanies the granting of loans to small and microentrepreneurs. Borrowers are told how to apply for a loan, how to manage credit, and what expectations are for repayment.

Management Oriented Training refers to the transfer of financial and administrative skills, and can include marketing techniques as well.

Production Oriented Training focuses on technical skills which are needed to produce goods and services.

Community Business Development Training focuses on transferring skills which are beneficial to the functioning of the community as a whole, rather than just to the entrepreneur in running his/her business. Examples include leadership training or efforts to encourage the creation of associations.

⁴ UNIDO, *Project Stories: Small and Medium Enterprise Program*. UNIDO, Vienna, Austria, 1994.

Project Descriptions: Examples from the Matrix

NETWORKS

Shared Production Facilities. The Association for Craft Producers, an NGO in Nepal, provides production facilities to a network of 1,000 women artisans. Products include weaving, renting, block printing, paper crafts, ceramics, and carpentry. ACP also facilitates access to foreign markets through Alternative Trade Organisations (ATOs).

*Wholesale Depot for APulperías.*⁵ Actuar Bogota in Colombia (now Corposol) provides small grocers with access to goods at low prices through a wholesale depot. The depot consistently recovers costs and is listed as an asset in Corposol's financial statements.

Bolivia Marketing Program. Mennonite Economic Development Associates (MEDA) created a for-profit marketing company, co-owned with members of ASOPROF, the national association of bean producers. The company showed a profit in its first year of operations and broke even the second. ASOMEX has built links with Brazilian export markets, and also with clients in Colombia and Japan.

⁵ Rhyne, Elisabeth and Rotblatt, Linda, *What Makes Them Tick? Exploring the Anatomy of Major Microenterprise Finance Institutions.* ACCION International, Cambridge, MA, 1994.

⁶ Mennonite Economic Development Associates (MEDA). Program Profile: Bolivia Marketing Program. (Mimeo) MEDA, 1996.

Alliance of Home-based Retaso Workers in Metro Manila. In 1994, Save the Children organized a network of home-based workers recycling fabric remnants into industrial rags and other products, called Partners for Subsector Development. The ILO-Danida supported the program, which provides business services to its member microentrepreneurs, particularly bulk-buying raw materials and negotiating for orders from companies.

SUBCONTRACTING AND FRANCHISING

The Swazi Business Growth Trust (SBGT). This BDS provider, supported by USAID, began as a credit institutions and diversified. SBGT promoted business linkages between small and larger firms in four subsectors: construction, transport, agro-industry, and trading. When fees charged for linkage deals proved insufficient to cover costs, the institution moved on to Government tender workshops, Acard swap⁷ events, and finally franchising. Each service has its own business plan, complete with revenue and expenditure targets, so that they can be managed for sustainability and risk minimization.

⁷ Save the Children, *Program Description.* Mimeo, Westport CT, 1996.

⁸ Development Alternatives, Inc (DAI). *Final Report on the Swazi Business Development Project which Created: The Swazi Business Growth Trust.* DAI, Bethesda, MD, 1995.

Government Procurement Programs Favoring Small Enterprise Development

The state government of Ceara, Brazil, has enacted policies that favor small enterprise growth, by facilitating their access to government procurement contracts (without guaranteeing a specific quota of business to any sector or firm). The program includes a technical assistance component.

TECHNOLOGY TRANSFER

Alpaca Fiber Processing Factory in the Highlands of Bolivia. Appropriate Technology International (ATI), a US non-profit, has introduced Bolivian alpaca farmers to new methods of wool processing, which has led to higher returns on their product. A subsector analysis was performed in order to develop a series of integrated interventions which address each step of the production process, as defined by ATI's Value chain.⁹

Hand Press for Oilseed Processing. ATI developed a hand press which produces high-quality palm oil, where previously producers were forced to sell all of their unprocessed seeds to middlemen for export. Palm oil is now available in the regions where the seed is produced, and microbusinesses have sprung up around the distribution and use of the hand press, as well as the sale of the oil.

Sahel Regional Financial Management Project. Action Consulting Associates (ACA), was contracted by USAID to perform a subsector analysis of the bread production industry in

⁹ Tendler, Judith, *Small Firms and Their Helpers: Lessons of Demand*, (forthcoming World Development) Massachusetts Institute of Technology, 1996.

¹⁰ Interview with Valeria Budinich, ATI.

¹¹ Interview with Jeanne Downing, ATI.

Senegal. A financial management system was developed to fit the needs of producers in this subsector. Through training seminars and follow-up work with bakery representatives, project staff identified supply and technological constraints, and then worked to address these by encouraging the formation of an association and accessing US suppliers, respectively.

COUNSELING/ADVICE

Women's Network for Entrepreneurial Training (WNET), was created to link successful women business owners with women entrepreneurs ready for business expansion. Through an ongoing mentoring relationship, WNET offers proteges the expertise of established women business owners who have volunteered to share their skills, ideas, and inspiration.

Individual Counseling for Further Specialization. Institute for Social and Economic development (ISED), Iowa, offers individual counseling as one of four different training options, offered to clients who have already started up their business. ISED began as a credit institution and now specializes exclusively in training/business development services. The institution refers clients to credit sources, and in some cases collaborates with banks by partially guaranteeing loans to ISED clients.

¹² Lusby, Frank. *The Subsector/Trade Group Method: A Demand-Driven Approach to Non-Financial Assistance for Micro and Small Enterprises*. GEMINI Working Paper No. 55, Bethesda, MD, 1995.

¹³ Small Business Administration of the United States Government (SBA), *Mentor Program*. Mimeo, Washington, D.C., 1993.

¹⁴ Clark, Peggy. *Training and Technical Assistance in US Microenterprise Development Programs*. The Aspen Institute, forthcoming, 1996.

CONSULTANCIES

Quality Control for Small Spice Producers in Madagascar. Abt Associates, a private US consulting firm, provides technical assistance to small producers in Madagascar who have joined together to form an exporting network. Abt sends samples out for lab testing to insure that the products are of high enough quality to conform to US regulations. Abt conducts training seminars for entrepreneurs on appropriate production techniques.

Business Development Center in Colombia. The IDB has funded an effort to establish a network of Business Development Centers in Colombia. Center staff hire diagnostic service firms to assess the competitiveness of small firms and help them to improve their performance by undertaking specific projects. Fee rates for the services have been set so as to cover an increasing portion of their cost (i.e., 20% during the first year of the center's operation, 50% the second year, etc.), with the goal of covering 100% of costs by the end of the project's fourth year.

Export Audits and Risk Assessments. The Center for the Promotion of Imports from Developing Countries (CBI), an Agency of the Netherlands Government, supports consultancies by businessmen with expertise in specific industries to small businesses in developing countries. One subset of services offered, (the export audits, company audits, risk assessments) is intended to assist management in making strategic decisions.

¹⁵ Interview with Charlie Stathacos, Abt Associates, Bethesda, MD.

¹⁶ IDB Project Document MIF/AT-37. *Colombia. Nonreimbursable Funding for a Program to Establish Business Development Centers.* IDB, 1995.

¹⁷ Centre for the Promotion of Imports from Developing Countries (CBI). *CBI News Bulletin*, November 1994.

Kenya Export Development Support (KEDS).

In this USAID-funded project, strategic consultancies are designed to assist businesses ranging in size from micro to large, with concentration in the small and medium ranges. Some consultancies revolve around assistance in filling a specific (export) order, producing a specific document (such as a promotional brochure) or developing a specific set of contacts.

Others provide more general assistance in areas such as financial management, advertising, quality control, or strategic planning.

Assistance with Licensing and Registration.

A private consultant in Nicaragua has set up a fee-based service center which offers micro-entrepreneurs assistance in completing various types of paperwork with which they are unfamiliar: loan applications, licensing and registration forms, business plans, etc.

BUSINESS INCUBATOR

Incubators for Technology-based Enterprises in Poland. The Poznan Technical Centre, completed in 1991 by the Poznan Technical University, is a work space of 1500 meters that houses businesses working in environmental technologies and computer software.

Encouraging Graduate Students to Commercialize their Results. The Tashkent State Technical University in Uzbekistan has set up a technology incubator to encourage students and faculty at Tashkent and other universities to develop technical products and market them.

Research is linked to agribusinesses and industrial activity in the region.

REFERRAL CENTER

Small Business Support Project for the West Bank and Gaza Strip. USAID project offers fee-based business services with an emphasis on marketing and improved production, information regarding credit, and an electronic Market Access Network. Examples of specific services include product testing, establishing new distributor networks, analyzing a product's cost competitiveness, and identifying alternative, lower cost inputs.

Subcontracting and Partnerships Exchanges (SPX) were created by UNIDO at the national level in 14 Latin American countries. In 1990, UNIDO undertook to create a regional network SPX linking together the 14 countries in an industrial web. Subcontracting Exhibitions, Training Seminars, and mechanisms for transmitting subcontracting requests are key components of the SPX network.

One-stop Shop for Small Business Owners. Nacional Financiera, S.A. of Mexico (NAFIN), has set up a support center for entrepreneurs wishing to start a business or for recently established businesses. Everything the entrepreneur could think of is offered at the center, which is set up like a shopping mall. Representatives from BDS providers, credit

¹⁸ Development Alternatives, Inc. *KEDS Project Quarterly Report*. DAI, Bethesda, MD, 1996.

¹⁹ Lalkaka, Rustam, *Incubating Small Entrepreneurial Businesses in Economies in Transition*. *Small Enterprise Development Journal*, Vol 5 No.3, 1994.

²⁰ Ibid.

²¹ Development Alternatives, Inc. (DAI) *First Semiannual Progress Report: Small Business Support Project for the West Bank and Gaza Strip*. DAI, Bethesda, MD, 1995.

²² UNIDO, *Project Stories: Small and Medium Enterprise Program*. Vienna, Austria, 1994.

institutions, regulatory agencies, suppliers, etc., rent space in the center.

Integrated Approach to Business Development *Centros De Servicios Empresariales.* The Instituto de Investigaciones Socio-económicas y Tecnológicas (INSOTEC), operates several Business Development Service Centers, which provide credit, training, technical assistance, marketing advice, input supply for certain industries, management and regulatory advice.

TRAINING

Entrepreneurship Development

Developing Potential Entrepreneurs. The Entrepreneurship Development Institute of India (EDII) has been running entrepreneurship training courses since the 1970s. An important part of the success of the program is the selection of trainees that takes place before the course begins. Courses then focus on how to set up a small venture, how to manage it, and how to make profits out of it. Today, more than 600 organizations in India and in several other developing countries are following this model.

Promoting the Entrepreneurial Mind Set *Training Young Women in Tunisia.* Competency-Based Economics Through Formation of Entrepreneurs (CEFE), a GTZ initiative which currently operates in several countries, is planning to begin training of trainers (TOT) in Tunisia at *Centres for Young Rural Women.* These trainers will then pass on their

²³ Interview with Carlos Cuevas, Microenterprise Specialist, World Bank.

²⁴ INSOTEC, *Centros de Servicios Empresariales: Del concepto a la acción...* INSOTEC, Quito, Ecuador, 1994.

²⁵ GTZ, CEFE Newsletter, *Brainstorm*, Issue 4, October 1995, Eschborn, Germany.

skills to rural women to encourage them to design income-generating projects.

Entrepreneurship Workshop Package. Management Systems International (MSI) has designed a workshop based on research which resulted in the definition of ten personal entrepreneurial characteristics (PECs) and thirty behavioral indicators. The workshop is designed to help potential entrepreneurs recognize, strengthen, and apply these behaviors to their lives. MSI uses an extensive screening process to select trainees.

Crédito Orientado. Centro de Apoio aos Pequenos Empreendimentos (CEAPE), a Brazilian NGO based in Rio Grande do Sul, administers credit to microentrepreneurs through solidarity group and a training course called the Technology of Guided Credit. Courses include Time Management, Businesslike Behavior, Accounting, Administration and Buying Inputs, Commercial Costs, and Production Costs.

High Levels of Training to Support the Group Lending and Underwriting Process. The Good Faith Fund, a US-based microenterprise development program, offers a mandatory training program to its borrowers, the goal of which is the completion of a business plan. A component of this training is aimed specifically at reducing delinquency rates through clarifying lending requirements and expectations.

SBA Loan Demonstration Program. Micro Industry Rural Credits Organization (MICRO), a

²⁶ Ibid.

²⁷ Ibid.

²⁸ Centro de Apoio aos Pequenos Empreendimentos (CEAPE), *Relatorio Anual de Atividades*, CEAPE, Porto Alegre, Rio Grande do Sul, 1994.

²⁹ Clark, Peggy. *Training and Technical Assistance in US Microenterprise Development Programs.* The Aspen Institute, forthcoming, 1996.

US-based NGO, has developed a fast-track, or streamlined application process and new training products to go with the SBA loans it disburses. The target group for these funds are more experienced business owners than MICRO's regular clients, since the SBA funds are linked to specific requirements, carrying a higher interest rate and a relatively short term (10 years).

Courses in Production and Management

Centro de Fomento de Iniciativas Económicas (FIE), a Bolivian NGO, takes an integrated approach to training, offering courses in both management (legal, planning, financial, and personal components) and production (baking, fabrics, shoes, and gold and silver working). After participation in a mandatory course for first-time borrowers, credit clients have the option to continue or not with training or counseling.

Voucher Training Program. A GAMA/IDB program in Paraguay offers courses from a variety of institutions in both management (accounting, financial analysis, etc.) and production (cooking, baking, sewing, electronics, crafts, etc.) Entrepreneurs receive a voucher good for 50% of the course tuition and are free to pick from one of 46 training providers that currently participate in the voucher program.

Metalworking Courses. Fundación Swisscontact, Colombia, specializes in training microentrepreneurs in metalworking, automotive electricity, industrial mechanics, and gasoline motors. Emphasis on placed on transmitting efficient and low-cost production techniques.

Courses in Cooking, Hair Care and Floristry. Fundación Nacional Para el Desarrollo de Honduras (FUNADEH), offers both administrative (accounting, costing, and marketing) and technical training to microentrepreneurs (baking, metalworking, refrigeration, and cabinetmaking).

Courses in Management, Accounting, and Financial Analysis. Fundación Carvajal of Colombia has specialized in management training for microentrepreneurs since 1976. Courses are tailored to fit the specific needs of the entrepreneurs.

The Wemtop Program: Literacy and Pre-entrepreneurship Training for Women in India. Udyogin, a local NGO, has developed a partnership with the World Bank in executing the Women's enterprise Management Outreach Training Program (WEMTOP). One of the program's activities is a preparatory literacy course for women, who then later may show interest in an entrepreneurship course. The literacy course addresses community issues relevant to the women's lives.

Leadership Training for Entrepreneurs in Colombia. Centro ACCION has initiated a new program, in which microentrepreneurs are trained to play a leadership role in their communities. (The leadership training is a subcomponent of a broader training program.)

³⁰ Ibid.

³¹ Miller, Calvin, *Consultoria en Capacitación y Entrenamiento para la Microempresa*. Draft, Meda Trade & Consulting, Inc, Pennsylvania, 1996.

³² Grupo de Asesoría Multidisciplinaria (GAMA) *Descripción del Programa de Bonos de Capacitación*, GAMA, Montevideo, Uruguay, 1996.

³³ Miller, Calvin, *Consultoria en Capacitación y Entrenamiento para la Microempresa*. Draft, Meda

Trade & Consulting, Inc, Pennsylvania, 1996.

³⁴ Ibid.

³⁵ Ibid.

³⁶ Viswanath, Vanita, World Bank Technical Paper No. 265, *Building Partnerships for Poverty Reduction*. World Bank, 1995. Also: Interview with Jim Edgerton, EDI, World Bank..

³⁷ Interview with Jaqueline Mazza, IDB/MIF.