Sustainable Livelihood Project

Business Development Needs Assessment & Development Plan

Consultancy Report

Submitted by:
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Enterprise Development Consultant

Development Workshop
Luanda - July 2000
<table>
<thead>
<tr>
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<tr>
<td>ADRA</td>
<td>Accao Angolana Para o Desenvolvimento Rural E Agrario</td>
</tr>
<tr>
<td>BDS</td>
<td>Business Development Services</td>
</tr>
<tr>
<td>CCF</td>
<td>Christian Children’s Fund</td>
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<tr>
<td>DFID</td>
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<td>DWA</td>
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Executive Summary

This report presents the activities, and subsequent results related to a DWA micro/small enterprise consultancy that took place from the 22nd of May through the 11th of July 2000. One consultant, in collaboration with the DWA Project Manager, Project Coordinator and seven trainee Field Assistants, accomplished the work. Details of the terms of reference for this consultancy can be found in Annex 1 of this document.

The main purpose of this consultancy was to undertake an assessment of micro/small enterprises in three areas (Sambizanga, Cacuaco, and Cazenga) of Luanda and develop a BDS program that could provide appropriate support initiatives to chosen subsectors. Secondary efforts of the consultancy were, 1) to train and prepare DWA staff for BDS intervention work, 2) to develop a monitoring and evaluation system for the DWA BDS program, and 3) to determine ways that the BDS program might increase its sustainability over time.

The Subsector Approach:

The work was carried out using a subsector approach. The subsector approach looks at MSEs as part of a large system that includes input suppliers, producers using different technologies, wholesale and retail distributors, transportation and finance companies, exporters, etc. There are many commercial relationships that take place between these actors in the process that takes raw materials through production transformation to the ultimate consumer. The subsector approach takes account of these relationships and helps identify constraints and opportunities that lead to the development of cost effective, high impact, and sustainable interventions. The approach is normally accomplished in four phases, 1) subsector selection, 2) subsector analysis, 3) intervention design, and 4) implementation of interventions. In general, this was done through a review of documents from a variety of sources, fieldwork and workshops of subsector representatives, and meetings with key informants. In analyzing all information, the focus was to determine constraints and opportunities in the subsectors related to seven categories (market access, technology, inputs, policy, finance, organization/management, and infrastructure). The information was entered on constraints and opportunities matrices, as detailed in section IV. Related, intervention designs were developed from a clear understanding of the constraints and opportunities for each subsector.

The Assessment of Luanda’s MSE Subsectors:

The six-week study began in a broad stage of analysis looking at the activities of all subsectors for the three chosen areas. These areas were broadly assessed by looking at the wide range of activities related to the subsectors. Information gathering then became more specific. Section IV of this document will provide greater detail of the findings related to the individual subsectors. By the end of the consultancy the following subsectors, by region, were determined to be good candidates for DWA (and partners) support:

- **The fruit and vegetable growing subsector**
- **The carpentry subsector**

In addition, the Fish Harvesting, Bakery, and Tailoring subsectors were considered good
candidates but due to lack of, and conflicting information it was decided that they be put “on the back burner” for now.

**The Role of the DWA:**

DWA will play a major role in facilitating the development of the subsectors by providing technical assistance, training, and coordination related to the following basic areas:

1. Serve as a coordinator between the target groups of MSEs and producer association/NGOs, ensuring that both are included in development activities.
2. Provide direct assistance (through association/NGOs) to MSEs to compliment, and build upon, technical support provided by existing development programs.
3. Serve as a facilitator of market linkages between MSEs (through associations/NGOs) and buyers of their products.
4. Serve as a linkage between MSEs and existing financial institutions.
5. Serve to facilitate economies of scale, among MSE through the development of groups for buying and selling activities.
6. Progressively identify other promising subsectors as the constraints in the initially chosen subsectors are ameliorated.

The proposed assortment of interventions is unique in that they:

1) look to assist the subsector in the complete chain of events from raw materials, through production, to marketing of finished products, providing for a “total package” of interventions to address all major needs.

2) are designed so that the DWA will have active partnerships with producers and their associations/NGOs, and will base interventions on their specific product development needs, and

3) focus on intermediaries as the vehicle for improving transport and marketing for MSE producers.

The technical assistance to MSE carpenters includes support with; product design and production processes, ensuring that orders are produced in a timely manner, helping source cost effective raw materials, production credit, grouping producers to fulfill large orders, proper order fulfillment, providing costing and pricing estimates, quality control, safe and attractive packaging, shipping and customs procedures, and ongoing communication and customer service. For development of the fruit and vegetable subsector, the same principles will be utilized focusing on upgrading of planting, harvesting, treating and distribution techniques. By providing these services producers will overcome many constraining factors, thereby reducing buyer risk and encouraging more vibrant sales.

**The Next Steps:**

The DWA is, understandably, not in a position to undertake all proposed interventions unilaterally. Nor will it be appropriate to undertake all at the onset. Therefore, the next order of business will need to be eliciting needed support from
other “partners”, and addressing the interventions in a chronological manner. Some potential partners have already been identified and others will be secured as the program progresses. The chronology of intervention events is detailed in the concept papers prepared for each subsector, to be found as Annex 5 of this report.

Initial action points related to activities for targeted interventions include:

- Develop workplans on a weekly basis for first six months
- Develop operational policies and procedures to include needed forms
- Collect baseline information to be used in comparing information derived from future M&E activities
- Continued intervention specific research (e.g. info. related to raw materials, market intermediaries, etc.)
- Determine more exacting marketability of products (product development needs)
- Continue intervention planning with potential partners
- Develop memoranda of understanding with partners
- Refine strategic plans and time frames for intervention activities
- Develop training plans and TORs for consultancies
- Begin coordination of technical assistance and training according to plans

An important issue related to DWA’s capabilities is the need to have adequate numbers of BDS personnel with solid enterprise development skills, and required resources available for efficient and effective operation of the Program. These issues will be further explored in the last section (V. Conclusions and Recommendations) of this report.

Angola is interesting in that it is teeming with resources, and has a solid skill base of MSE producers for a variety of subsectors. Unfortunately, as with many countries, Angola lacks any concerted direction for MSE. There are many who are in a position to provide support, but they are not coordinating their efforts nor sharing their resources. It is clear that the DWA has an excellent opportunity to provide important coordinating and technical assistance inputs that can have long-term positive effects on the development of MSEs, and the economy in general in Luanda.
I. Introduction

This report details the activities related to a BDS Program Development consultancy that took place from the 22nd of May through the 11th of July 2000. One consultant, in collaboration with the DWA-SLP Program Manager, Program Coordinator and 7 Field Assistant Trainees, accomplished the work. Details of the terms of reference for this consultancy can be found in appendix 1 of this document.

The main purpose of this consultancy was to undertake an assessment of micro/small enterprises in three areas (Sambizanga, Cacuaco, and Cazenga) of Luanda and develop a BDS program that could provide appropriate support interventions to chosen subsectors. This was done using a subsector approach. Secondary efforts of the consultancy were:

- to train and prepare DWA staff in the areas of basic business concepts, subsector methodology, BDS best practices, survey methodology and the preparation of concept papers/proposals,

- to develop a monitoring and evaluation system for the DWA BDS program, and

- to determine ways that the BDS program can plan for generating income that could increase over time providing for a good degree of sustainability for the BDS program over time.

The Evolution of BDS

Over the years those involved in “development” programming have come to accept the fact that real, sustainable development can result, in large part, through the development of local, regional, and national economies. This is especially true at the level of micro and small enterprise (MSE) development. The development of MSEs can play a major part in alleviating poverty, strengthening macro level economies, and assisting in democratization. MSE’s are important for a variety of reasons, for example they; employ more people than larger firms (due to their numbers), provide to the specifications of local markets, utilize local raw materials and expertise when available, can readily adapt to changes in market needs, are more innovative, and act as a training ground for new entrepreneurs and for the establishment of larger firms.

In the past thirty years or so, donors have been refining ideas related to the most effective ways to assist in the development of MSEs. In the early years, the view was that financial input was the panacea for all that ailed the suffering MSEs. Although there were (and still are) those who believed that credit was the only answer, most came to realize that more was needed. The next leap forward (adding to the inputs of finance) was the provision of “training and advising “ in the form of technical and entrepreneurship development support. Although noble in their efforts, it was soon realized that support was high in cost and low in impact. The next level included fragmented support for group production (clustering), market linkages, business planning, etc. In recent years donors have become more concerned with accountability and tracking performance of enterprise development programs. This has led to more direct consideration for sustainability, impact, and cost effectiveness of MSE development programs.
II. Methodology

A. The Subsector Approach

One methodology that attempts to view all the needs of the MSE while also planning for sustainability, impact, and cost effectiveness is the subsector approach to business development services (BDS). The approach looks at MSEs as part of a large system that includes input suppliers, producers using different technologies, wholesale and retail distributors, transportation and finance organizations, market intermediaries, etc. There are many commercial relationships that take place between these actors in the process that takes raw materials through production transformation to the ultimate consumer. The subsector approach takes account of these relationships and helps identify constraints and opportunities that lead to the development of cost effective, high impact, and sustainable interventions. The process is accomplished in four phases, 1) subsector selection, 2) subsector analysis, 3) intervention design, and 4) implementation of interventions.

This methodology is built on the excellent work undertaken by the Gemini project (Development Alternatives International). To that solid foundation new tools and structure have been added (by Action for Enterprise and this consultant) resulting in a comprehensive approach that puts increased emphasis on subsector selection, intervention design and implementation. The methodology emphasizes a participatory approach with all activities, as well as the transferring of the methodology to individuals and groups in the targeted countries.

The following presents the steps involved in the subsector approach methodology:

Subsector Selection
- Determine criteria for subsector selection
- Identify subsector candidates
- Establish a ranking system
- Initial information collection
- Ranking and selection of subsector to be studied
- Develop initial subsector map

Subsector Analysis
- Conduct in-depth producer survey
- Conduct key informant interviews
- Develop an constraints and opportunities/intervention matrix
- Refine subsector map
- Workshop with subsector representatives to validate findings

Intervention Design
- Workshop with subsector representatives to identify potential interventions
- Refine map and constraints and opportunities/intervention matrix
- Identify most promising interventions through a ranking process
- Gather intervention specific information
- Secure commitments from others who will be partnering in intervention
- Develop concept papers for selected interventions
Implementation
- Refine concept papers
- Develop work-plans
- Assignment of tasks for all parties involved
- Monitoring/evaluation system (beginning with a baseline survey)

The subsector approach must be accomplished as a total process so as to provide for identification of all constraints and opportunities and related needs of the subsector and plan and implement programming based on the specifically identified needs.

B. Training of the BDS Team

Early on it was determined that the BDS Team was, for the most part, new to the field of Enterprise Development and that basic “business concepts” instruction should be covered before the work with the Subsector Approach and Best Practices in BDS was started. The following were presented and discussed as a prelude to the planned program:

- The 3 objectives of all businesses (Service, Profit, and Growth)
- The 5 “Ms” of business management (Money, Manpower, Materials/machinery, Marketing and Methodology) and expected output (quality products and service, customer satisfaction, worker satisfaction, and profit)
- Entrepreneurs and entrepreneurship
- The importance of micro and small enterprises to the economy
- The challenges of operating a small business

The remaining training related to the Subsector Approach and Best Practices in BDS and was presented in a practical manner, whereby training was put to use directly after instruction. As part of the preparation for the BDS work undertaken, the BDS Team also received instruction in Interviewing Techniques, Survey Research Methodology, Presentations, and writing of proposals (including budgets). Notes used in the training can be found as Annex 3 of this report.

III. Overview of, and Support to MSE sectors in Luanda

A. Defining MSEs in Luanda

There is, indeed, a good deal of activity that can be characterized as MSE in the Luanda area. Although fragmented mainly retail, informal, and uncoordinated, these MSEs exist and are quite often the only means of livelihood for a family. Luanda is unique in that there are few larger enterprises and the medium, small and micro level enterprises are smaller than what may be considered the norm in other countries.

A basic definition related to micro and small enterprises in Luanda, as developed by the DWA-SLP Project Manager, Project Coordinator, the BDS consultant, is as follows:
B. Major MSE Subsectors in the target areas.

The work undertaken was targeted to 3 areas of Luanda: Sambizanga, Cacuaco, and Cazenga. The following presents a list of, what are believed to be, the main subsectors in which the MSEs in the target areas are working:

**Bakeries**
- Mainly “bagette” type bread and buns

**Agriculture**
- Large variety of fruits and vegetables for sales in a fresh state, to include:
  - Peppers
  - Cassava
  - Papaya
  - Tomatoes
  - Pineapples
  - Onions
  - Bananas
  - Pineapples
  - Citrus
  - Lettuce
  - Tomatoes
  - Garlic

**Wood Products/Carpentry**
- Milling/planing of lumber
- Wood Furniture
- Wood sculptures
- Wood frames, doors, casings

**Cane furniture**
- Indoor and outdoor furniture

**Welding/mechanics**
- Products of metal grates and doors, cabinets and furniture
- Services of welding repairs and repairs to vehicles and equipment

**Aquaculture**
- A variety of fish and crustaceans from the sea

**Garments**
- A variety of textile products (imported fabric)

**Shoes**

- Mainly low-cost sandals

**Other Handicrafts**

- Knitting
- Baskets
- Paintings
- Ceramics/pottery

C. General Constraints to MSE Growth in Angola

There appears to be some basic “across the board” constraints facing the MSEs in Angola. The main one being the problem with inflation that affects all strata of economy in the country, and the problems related to the civil strife facing the provincial areas – which affects movements of raw materials and finished products.

In addition, the following presents other major constraints for all subsectors by seven categories:

**Markets:**
Import issue relates to the fact that almost all products are imported and there is a general perception that local products do not exist, or that they are inferior. From the standpoint of the MSEs, there appears to be a general lack of information about markets, and there is lack of coordination in reaching them.

**Technology:**
Quality control seems to be the main constraint in this category. Also needed are product development and related upgrading of technological skills. Machines and other equipment are, for the most part, imported.

**Raw Materials:**
Availability and quality of raw materials is a problem faced by many MSE subsectors (most are imported). Again, there is a lack of coordination regarding the provision of raw materials. There is also the issue related to civil strife in the transporting of raw materials.

**Policy:**
The main issue here is that there does not seem to be government policy that is targeted to MSEs to enable them to grow as a sector of the economy.

**Management/Organization:**
Management at the individual firm level seems to be lacking, but more importantly, management and organization of producer groups (associations)
seems to be, for the most part, missing. Groups of this sort can contribute to the development of economies of scale for the targeted MSEs.

**Finance:**
Many MSEs complain about their inability to access credit due to indifference of financial institutions to MSEs (no formal financial institutions have schemes for MSEs). Equally important seems to be the lack of knowledge of controlling finances, things like costing and pricing and financial planning.

**Infrastructure:**
Although constraints in this category are not ones that a program like the DWA could help to ameliorate, they remain an important part of the total picture.

These relate to things like; lack of water supply, non-existent or poorly maintained roads, lack of power (or power outages), irrigation needs, and communication problems.

D. General Opportunities for Growth of the MSEs in Angola

**Markets:**
Although MSEs are having difficulty accessing markets, there does seem to be some real potential for marketing. Opportunities for local markets lie in competing with the numerous products imported from southern Africa, Europe and even North and South America.

(There is a market, but it requires high quality and on-time delivery of required production.)

**Technology:**
For most of the MSE activity witnessed, there appears to be a sound foundation of technical skills at the producer level. Additionally, there are some institutions in Luanda that have experts in various fields related to the activities of the MSEs.

**Raw Materials:**
Angola abounds with raw materials such as timber, minerals, many types of agriculture, livestock, fish, etc. This raw material base seems abundant, but not well coordinated.

**Policy:**
There are many dealing with MSEs who see the need for more specific policy, with the right coordination they could lobby for and gain the needed policy.

**Management/Organization:**
At the institutional level, there exist some formal associations and informal groups that relate to various subsectors. These are excellent candidates for
development as coordinating bodies for MSE producer groups. The groups could benefit from bulk buying of raw materials, sharing of technology and equipment, and tapping into larger markets.

**Finance:**
In addition to DWA, there are others (CARE, World Vision, Min. of Industry, etc) who may be in a position to provide funding for the chosen subsectors for the purchasing of fixed assets and for working capital.

E. Summary of support to MSEs in Angola

Like most countries Angola has a host of institutions that could provide support to the MSEs. But also like most countries, these institutions are in varying states of readiness to address the specific needs of the MSEs. In fact, many need development themselves, and all could benefit from inter-institution communication and coordination. It is reported that many institutions are all but dormant, with only name and façade in existence. The fact remains, though, that within these institutions are, oftentimes, some very knowledgeable experts in fields such as agriculture, business, and technology. One important aspect of proposed intervention by the DWA includes the partnering with local and international NGOs to provide for a wider resource base to be tapped in assisting the MSE with a total package of business development services.

The following table presents the institutions that were identified during this consultancy and the services that they offer. Information about the organizations was not always easily obtainable and therefore may not be100% accurate as presented.
### Summary of Support to MSEs

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<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td></td>
<td>Focus on support to youth</td>
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</table>

As DWA’s BDS work progresses, there will probably be more information gained about the above organizations, as well as information about new organizations to add to the list.
IV. Subsectors Approach for the DWA Project

The selection of subsectors and subsequent analysis and intervention planning was accomplished by focusing on specific DWA-SLP geographical areas of Luanda. The targeted areas of were:

- **Sambizanga** (to include: Ngola Kiluanje, Mota, and Lixeira)
- **Cazenga** (to include: Hoje Ya Handa, Tala Hady, Cazenga, Cortume, and Comissao)
- **Cacuaco** (to include: Cacuaco Villa, Kikolo, Vidrul, Kifangondo, and Funda)

These areas were chosen based on the fact that the DWA has targeted this area in providing microfinance to retailers, and feels that BDS intervention could most logically be done in the same areas.

A. Subsector Selection

The process of selecting the subsector(s) to analyze was undertaken in the following steps:

- Determine criteria
- Identify candidates
- Establish a ranking system
- Collect information,
- Select subsectors

**Determine Criteria**

The table to follow shows the criteria for selection that were established to use in ranking the subsectors to determine which would be studied and ultimately assisted. The determination of criteria was made very early in the consultancy by the DWA-SLP Program Manager, Program Coordinator and the Consultant. Some criteria were deemed to be more important than others and were, therefore, given a double weighting, as shown in the second column of the grid.

**Identifying of Candidates:**

Subsector candidates were identified during the initial orientation and reconnaissance phase of the study. During this time the subsector team visited the targeted areas to observe and interview MSEs. The candidates identified were as follows:

- Shoes
- Small food service
- Fruits and Vegetables
- Carpentry
- Welding
- Fish (harvesting)
The Ranking System

The following is the tool used in ranking of subsector. The subsectors are ranked with a value from 1 (low) to 5 (high) for each of the criteria earlier established – keeping in mind the added weight for some chosen criteria. Ranking scores are tallied and the top scoring subsectors are chosen for further study (based on desired number of subsectors to study).

### Subsector Ranking Form

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<th>Criteria</th>
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<th>SS2</th>
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<td>Potential for job creation</td>
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<td>Potential to reach more women</td>
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Collection of Information

The collection of information was from two main sources, 1) key informant interviews, and 2) a producer survey. These interviews took place in the three targeted areas of Luanda as well as in the city center where many key informants have offices. Interviewed were a variety of persons with different experiences and interest in MSEs (see appendix #3). These included:

- Producers
- Distributors
- Raw materials suppliers
- Government Officials
- Officials of training institutions
- NGO personnel

These key informants were a range of individuals who had general to specific knowledge about the subsectors in question (see key informants are listed in Annex 3). Interviews were undertaken by the team using a standardized interview format and were on-going during the selection and analysis phases of the study. A survey of producers in the subsectors was carried out over a 4-day period with an attempt made to cover all geographical areas as well as having equal numbers of respondents for each subsector, this will be further explained in the analysis section to follow.

Ranking and selection of most promising subsectors

After gathering of information and exhaustive discussion, the subsectors were short-listed to include the following:

- Shoes
- Small Food Service
- Fruits and Vegetables
- Carpentry
- Welding
- Fish
- Tailoring
- Bakeries

The final choice of subsectors was made by ranking on a scale of 1 to 5 (1 being lowest, 5 being highest) using the above-mentioned criteria. The subsectors with the highest rankings were chosen for further analyses. These were:

- Fruits and Vegetables
- Carpentry
- Fish
- Tailoring
- Bakeries

Subsector Maps

Having gone through the subsector selection process, the next step was to develop one of
the principle tools of the subsector approach: the subsector map. The map provides a
graphic representation of the alternative production and distribution channels within the
subsector and the key actors (trade groups) in each of these channels.

The map graphically illustrates the different actors and production/distribution channels
involved in producing the given product, and allows one to visualize where major
constraints are, allows one to identify where interventions need to take place, and provides
a shared mental model of the Subsector.

Additional features of the map are what is referred to as “overlays”. Most common
overlays of the subsector are:

- # of enterprises
- # employed
- # Sales value
- Returns to labor

Subsector maps for the chosen subsectors can be found as annexes to the Concept
Papers in Annex 5 of this report.

B Subsector Analysis

The Analyses of the chosen subsectors focused on the identification of constraints and
opportunities and was accomplished in four parts:

Producer survey
Development of constraint and opportunities matrices
Validation workshop
Refinement of subsector maps and constraint and opportunities matrices

Producer survey

The producer survey took place in the targeted areas over a four-day period. A
questionnaire was designed in a way that would elicit information from producers based on
the seven categories of Markets, Technology, Raw Materials, Policy (laws and
regulations), Finance, Organization and Management, and Infrastructure. Enumerators
(the DWA trainee Field assistants) were presented with basic principles of survey
research, and the questionnaire was tested prior to undertaking the survey. Approximately
100 respondents were surveyed from the 4 chosen subsectors. Information was hand
tabulated, to determine numbers and averages related to the categories of constraints and
opportunities. Further analyses were not done due to lack of time. The identified
constraints and opportunities from the survey, and from previously gathered information
became the basis for the constraints and opportunities matrices.

Development of Constraints and Opportunities Matrices

To facilitate process, the constraints and opportunities are listed by categories in order to
expedite information gathering as well as intervention design. The categories are the same
seven used earlier when discussing general constraints and opportunities for MSEs in
Angola. These seven categories should cover all possible constraints and opportunities of the subsector, they are:

- Technological / Product Development
- Market
- Organization and management
- Policy (laws and regulations)
- Finance
- Input and Supply (Procurement)
- Infrastructure

A useful tool for organizing information on constraints and opportunities, and for then proceeding with the identification of appropriate interventions is an intervention matrix. The intervention matrix, along with the subsector map, are tools that can be used to foster a shared mental model of the subsector, especially when several support organizations are involved. It is also very useful in bridging the gap between analysis and implementation.

The following is a table that provides an example of constraints and opportunities identified for a subsector.

### Some general examples of constraints and opportunities

<table>
<thead>
<tr>
<th>Category</th>
<th>Constraints</th>
</tr>
</thead>
<tbody>
<tr>
<td>Technological / Product Development</td>
<td>Inappropriate or nonexistent tools/machinery/technologies, lack of access to same, lack of technical skills to produce to buyer specification, lack of information on product demand</td>
</tr>
<tr>
<td>Market Access</td>
<td>Lack of linkages to large buyers, inability of MSEs to produce or supply to buyer specifications, lack of information on product demand, lack of marketing techniques or methods, lack of market, unmet market (opportunity), high transportation costs</td>
</tr>
<tr>
<td>Organization and Management</td>
<td>Inability of MSE producers to organize for economies of scale, lack of MSE trade group specific training in specific areas (financial management, internal organization, production skills, marketing), poor organization of large buyers or suppliers, lack of communication and/or cooperation between different trade groups</td>
</tr>
<tr>
<td>Regulatory (Policy)</td>
<td>Import taxes that penalize local producers, artificial price subsidies, lack of regulations, lack of govt. contracting procedures that favor MSEs,</td>
</tr>
<tr>
<td>Finance</td>
<td>Lack of supplier credit, lack of access of commercial funding, no alternatives to traditional bank lending, inability to provide adequate collateral</td>
</tr>
<tr>
<td>Input and Supply (Procurement)</td>
<td>High prices, poor quality of raw materials, lack of suppliers, existing suppliers have limited outreach, high transportation costs for MSEs and/or large suppliers</td>
</tr>
<tr>
<td>Infrastructure</td>
<td>Poor roads, power supply, communications service</td>
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</tbody>
</table>

Examples of specific subsector constraints and opportunities matrices developed for the final chosen subsectors can be found as annexes to the Concept Papers which are included as annex 5 of this report.
Workshop with Subsector Representatives

Workshops with subsector representatives are designed to review the subsector information gathered and propose interventions to address constraints and opportunities, and allow participants to present their views and ideas related to interventions. Many feel that this is an extremely important aspect of the total process as it provides an opportunity for participation from various strata of the subsector. Producers can voice concerns to one another and also to distributors, suppliers and organizations that provide support to MSEs. And, together, these people can work together to identify solutions to constraints facing the subsectors.

Two 1-day workshops were held at premises made available by ICRA. The first workshop was for representatives of Carpentry and Tailoring subsectors, and the second 1-day workshop included participants from the Fruit/vegetable, Fish, and Bakery subsectors. The purpose of the workshops was to

- validate findings information gathered related to Constraints and Opportunities for specific subsectors (using the subsector map and the matrix of constraints and opportunities, and
- encourage participants to propose interventions related to the identified Constraints and Opportunities

A sample program for the day’s activities is included as annex 4 of this report.

Refinement of subsector maps and constraints and opportunities – final subsector choices

After the workshop, the next order of business was for the BDS team to collect all the information gathered from documentation, key informants, surveys, and the workshop. Information was reviewed and subsector maps and constraints and opportunities matrices were revised to reflect new and more accurate data. At this time there was also a final determination of subsectors to be chosen for intervention planning. Because the fish subsector had no representatives at the workshop it was decided that it would not be chosen at this time. It would, though, be kept for future consideration.

Of the remaining 4 subsectors, the following provides reasoning for acceptance or rejection for intervention planning:

Bakeries

Not chose due to:

- The subsector seems very complex, and the representatives were unable to agree upon what the real constraints and opportunities exists
- The subsector would probably require major imported equipment inputs to upgrade existing quantities and quality of production
- The producers seem unlikely to work in any sort of group scheme
- There appears to be little opportunity for market linkages in the subsector
- Raw materials are all imported and costly

**Tailoring**

Not chosen due to:

- General lack of capacity to compete with 1) imported new products, and 2) imported used products
- Raw materials are imported, costly, and not always available
- Technology is imported
- Equipment is obsolete
- Production cost are very high
- Intervention package would require major resources
- The subsector has, reportedly, been in decline since just after independence

*In spite of the constraints mentioned above, the subsector is still a candidate for future consideration. There may be scope for identifying niche markets and organizing groups to provide for those markets.*

**Carpentry**

Chosen for the following reasons:

- Skill level is such that there is the capacity to compete with the quality of imports
- Raw materials are produced locally (can add value)
- The opportunity exist to buy raw materials in bulk at decreased price
- Potential for job creation
- An association (albeit informal) currently exist
- There is good potential for working in groups
- Skill training is locally available
- Many MSEs are old and have been handed down from father to son (permanence)
- There is excellent market potential for new products, competition with imports, and niche markets

**Fruits and Vegetables**

Chosen for the following reasons:

- Potential to expand existing, and create new associations of fruit and vegetables growers
- Good market potential
- Potential sources for working capital loans
- Women heavily represented in the subsector
- Potential for market linkages between MSEs and large distributors
- Opportunities to partner with other organizations
- Skills are traditional and well known
- Potential for future food processing phase of development for the subsector
**Intervention Designs**

The proposed model for intervention design is one that takes a total view of the subsector and its components in planning for supports to all main areas of constraint. This is based on a clear understanding that all activities (from raw materials acquisition, through production, to retailing) are interrelated and interdependent. One cannot merely provide technical training without regard for marketing of associated products, or the availability and affordability of raw materials.

The following flow chart illustrates the activities of a subsector from the raw material acquisition through to the market. In planning for interventions a global view of the subsector is taken to include all the players along the chain. Consideration was given for all players and also those who are in a position to assist in supporting the subsector. These might include associations, NGOs, private sector marketers/distributors, etc. It is important to look at all activities of the Subsector and also the external bodies that have, or could have, the ability to further the growth of the subsector.

Raw Materials Suppliers

⇓

Producers (groups)

⇓

Consumer ⇐ Local Market ⇐ Local Buyers (NGO/Assn?)

⇓

Market Intermediary (private)

⇓

Retailers/buyer

⇓

Consumer

Interventions form DWA and other partners could occur at all levels. Some broad examples are:
- Provisions for the development of quality, reasonably priced raw materials
- Organizing of MSEs into groups as part of a central body (Association/NGO, etc)
- Develop association for effectiveness and sustainability
- Product development and upgrading of skills for producers through the central body
- Assisting Groups/associations with developing of markets with local buyers, market intermediaries and large retailers/distributors
- Market research at the consumer level

**Cross-cutting Principles of Intervention Design**

In developing well-planned and relevant interventions one must consider those things that are, according to current thinking, necessary to ensure Best Practice. The following
presents some principles that should be considered when designing and developing intervention plans. All principles may not be applicable to all interventions, nevertheless they should all be considered.

**Sustainability**

There seems to be no consensus as to the specific meaning of sustainability at the level of business development services (BDS) providers. In considering how the sustainability principle should be applied, BDS providers should support interventions that offer suggestions and planning for sustainability, for example through involvement in the commercialisation of services or continuation of supported activities after support is withdrawn. Interventions should therefore be planned with a realistic end to donor’s involvement. Interventions that are not finite need to have a clear rationale and a realistic strategy for long-term support.

**Must meet a market test**

Recent BDS history has provided a number of intervention programs that were, clearly, developed without regard for a market. This has probably been most prevalent in the areas of technology and training in general. There have been reports of large sums of money being spent on the research, development and manufacturing of new technologies only to find that there was no market for the ultimate product. In the same vein, various types of training have been imposed on entrepreneurs without regard for real need. BDS providers must take the steps to ensure that the intervention represents a relevant, substantiated need of the recipients.

**Business-like and demand-led**

Current thinking and experience show that a fundamental principle which can decisively shape BDS interventions is that the BDS organizations that are best at supporting MSEs are themselves like those MSEs in terms of their personnel, systems and values. Nevertheless, adopting a business-like and demand-led approach relates only to the manner in which objectives are pursued, and does not therefore require the abandonment of social objectives.

**Tailoring**

In view of the complex and variable environments in which MSEs operate, it is essential that BDS interventions identifies what it is trying to do and with whom. Interventions must clearly identify what the intervention what specific impact it is expected to have on the subsector. Interventions must be exacting and relevant to the needs of the target group in a “tailored” context. As a tailor measures a client for a perfectly fitted suit, so too should the designer of interventions measure the subsector for the most appropriate support.

**Participatory approaches**

A participatory approach to the planning of BDS interventions offers the advantages of: a better understanding of MSEs needs; greater ownership of the intervention by producers, customers and participating organizations; and the increased possibility of longer-term sustainability. In practice, emphasis on a participatory approach has questioned the value of some ‘traditional’ social science approaches, such as large surveys, in favour of more rapid methods that are more integrated with action.
**Leverage**

The term leverage is a subsector term that relates to the need to maximize the impact of BDS interventions. Oftentimes some relatively small and focused inputs can have a considerable impact on a whole subsector. This is particularly true in the case of policy interventions where one stroke of the pen can have positive affects on thousands of entrepreneurs. The BDS provider must investigate ways in which the intervention can have the best impact while maintaining other principles mentioned here.

**Building on demonstrated initiative**

If BDS interventions are to be both sustainable and locally owned, they have to build on what is already there rather than supplanting it with imported visions or models. This means that they have to respect the vision of individuals and their close personal involvement with their ‘organizations’. The scale of resource commitment, particularly in terms of finance and equipment, has to reflect the capacity of local partners so as to support, rather than overload their development. And other local expertise in fields such as vocational learning and consultancy should be assessed and used as, and when possible.

**Partnering and Program integration**

At the risk of re-inventing the wheel, we must be aware of the workings of others in the field, and capitalize on the teaming relationships as appropriate. Some good possibilities of teaming are with the local, associations, NGO, training institutions, banks, etc. In entering into a partnership it must be clear from the establishment of the relationship that all parties are fully aware of their roles and responsibilities. It may be important to draw up Memorandums of Understanding as a means of clarifying all details of the partnership.

**D. Chosen Subsectors and Proposed Interventions**

This section will focus on the chosen subsectors and related products in detailing the general intervention activities that will be provided for both. As mentioned previously the major intervening by the DWA could be to 2 chosen subsectors, *Carpentry and Fruits and Vegetables*.

**A. The basic objectives for all interventions will be as follows:**

1. To provide technical assistance to providers of raw materials, agro-processors, and market intermediaries.
2. To establish and/or develop groups (associations/NGOs) enabling them to enhance the subsector through developing and managing raw materials, production and market linkages.
3. Providing technical, managerial and marketing assistance that will result in an increase in sales over the project period.
4. To develop working relationships between the groups of different regions.
5. To explore the development of private sector extension services.
6. To develop increased awareness, and enhanced environmentally friendly practices of raw material collection.
B. In general, interventions will be provided for both subsectors at four levels 1) raw material supplies, 2) producer, 3) producer association, and 4) marketing, as detailed below:

**Raw Material Supplier Level Assistance**

The DWA together with other partners will, at the raw material level:
- assist MSEs in determining exact raw material needs
- assist raw materials suppliers in understanding needs of producers and planning for supplying of needed materials
- assist in determining geographical source of best raw materials
- promote environmentally friendly practices in the provision of raw materials encouraging raw material suppliers to work to provide larger qualities and quantities of needed raw materials

**Producer Level Assistance**

The DWA Team can provide assistance directly to MSEs to enhance the quality and capacity of production. This could be done directly or through a producer’s associations or NGOs. Assistance from the DWA Team could be in the following areas:

- assist existing enterprises or new entrepreneurs to establish new businesses that address particular sector constraints (for example: machine rental businesses for sectors in which small enterprises cannot afford machines for themselves or refrigeration services for perishable products).
- assist enterprises to branch out into new areas of production or services; and
- assist enterprises in assessing the viability of new technologies.
- assist with alternative sources of financing that might include: supplier credit for raw materials, buyer credit to suppliers, and loans that are guaranteed by associations/NGOs or marketing organizations that buy the MSEs products.
- assist with business skills development programs that range from financial management, production techniques, organization development, marketing, and customer relations, to the development of business and marketing plans. Cost recovery and sustainability will be built into these programs, although full cost recovery will probably not be feasible when working with the smallest enterprises.
- assist MSEs to purchase in groups (through association/NGO) to aggregate purchases and/or create new supply sources.
- modify production processes so that higher and more consistent quality products and services can be produced
- assist in improving the efficient use of raw materials, labor and time
- apply the correct mix of raw materials, skills, product designs, tools, equipment and processes to meet higher specifications and access new, higher income markets.
- assist in addressing technologies that relate to key constraints and opportunities in the subsectors, ensuring that the technology:
  - provide for products that meet a market demand
  - is affordable to the targeted MSEs (or can be bought by an entrepreneur and rented to targeted MSEs)
  - when possible, is machined and distributed using local skills, materials and markets
  - is able to be operated by target user
is durable & easily repaired using local skills - parts available
represents a scale of production realistic for targeted MSEs and markets
is environmentally sustainable

**Producer Association/NGO Level Assistance**

The DWA in partnership with others (the DWA Team) can actively promote Producers Associations (NGOs) activities as a sustainable form of technical and market assistance to MSEs. The DWA team will work with producer associations/NGOS to develop their abilities to coordinate buying from and selling for the MSEs. Assistance from the DWA Team could be in the following areas:

- provide technical assistance in product/service development, new product development, processing, and packaging;
- assist in establishing standards for quality control;
- source and facilitate access to financing from formal financial systems;
- strengthen the producer organizations (for example, assembling member products at central pick-up points);
- assist in establishing intermediary marketing groups that allow the organization to focus more directly on wholesale purchasing;
- improve internal administrative and financial procedures establishing operating policies and procedures;
- develop marketing and business plans to expand current markets;
- provide leadership training for association management;
- develop capacity to intervene on behalf of MSEs with local authorities;

**Local Marketing Level Assistance**

The DWA BDS team can promote market linkages in between large volume buyers and small enterprise suppliers (assisted by their associations/NGOs). Buyers might include private companies, traders, market intermediaries, government, and other kinds of marketing organizations. The DWA will ensure that the marketing efforts are demand led and that the producers are providing exactly to the specifications of the market. DWA team support could include the following include:

- information collection and dissemination on available suppliers and buyers;
- develop an information systems that facilitate searching and matching linkage opportunities;
- linkage workshops that bring together suppliers and buyers in specific sectors;
- buyer and supplier assistance (through associations/NGOs) to negotiate linkage arrangements such as collection of product, shipping and handling, payments, standards;
- determine opportunities for new products and services;
- assist enterprises and their associations to participate in national and international trade shows and exhibitions for their products and services.
1. The Carpentry Subsector

Summary

This following is the result of analysis and intervention design efforts for the “Carpentry” subsector in the targeted areas of Luanda. The analysis of the subsector was undertaken in five parts, as follows:

- A review of relevant documentation
- Meeting with those persons who have knowledge of the subsector (key informants)
- Initial field investigations at production sites
- Subsector producer survey
- Subsector workshop

The carpentry subsector in Angola has a long history with many carpenters having gained their skills from fathers, uncles or other family members. The subsector is currently in a bit of a slump having seen better times in the past. The product made range from household furniture to doors and mouldings. One important feature of the subsector is that the major raw material is derived from local sources. There is a definite strong skill base among carpenters visited during the study, although most are working with rudimentary hand tools and old machinery. For DWA’s target areas most carpentry activity is located in the Sambizanga area (specifically Lixeira), and Cazenga (specifically Tala Hady and Comissao). Some carpenters have reported that they previously collaborated with others in informal groups, and are interested in buying and selling in groups.

Statement of Opportunities and Constraints

The subsector is not without constraints and includes those related to Marketing, Technology, Finance, and management and organization. Marketing problems include lack of quality and sufficient quantities to attract buyers, poor presentation of products and lack of market information for MSE’s. Technology constraints at the raw material level have been reported to be a lack of coordination between collection of raw materials and production. Financial constraints includes difficulty on the part of producer to access credit. Organizationally, the subsector is weak, business practices are poor, market planning is poor and producers lack sufficient scale to take advantage of selling opportunities to large distributors.

Some more specific constraints include:

- Marketing is limited to localized areas, mainly by individual order
- Lack of information on the part of the carpenter about new markets and marketing practices
- Need for product development to compete with imported products
- Product of local carpenters are competing with imports from a variety of countries, and buyers lack confidence in locally made products
- Lack of collaboration necessary if carpenters are going to develop economies
of scale

Limited opportunities for displaying products made by MSE carpenters

Lack of modern equipment that may be necessary if quality of product is to be upgraded

Lack of information related to laws and regulations related to running a carpentry business

Lack of credit for buying of fixed assets and for working capital

Weakness of “supply” and “market” linkages

Summary of Intervention Plans

From the analysis, the BDS Team identified constraints and opportunities that are found in the subsector and considered relevant support interventions to address them. The suggested support initiative activities are as follows:

- The DWA together with partners (the DWA Team) will identify producers and provide them with extension support to organize them into groups, and provide technical assistance to enhance their production and management abilities. The DWA Team will support the development of carpentry products in a collaborative effort with other partners in Luanda. This effort will include the general areas of securing raw materials, coordinating production, and marketing. The DWA Team will identify market outlets and intermediaries who can purchase the products produced by the groups, and assist in developing relationships between buyers and the production groups. These outlets/intermediaries are key in providing market linkage services. The DWA team will build the capacity of intermediaries to better meet increased demands from buyers and to translate those demands to producers, enabling them to meet buyer needs.

- The DWA Team will identify and work with the carpentry producers’ groups to assist them in developing products of sufficient quality and quantity for reaching larger markets (that currently buy/sell imported goods).

- The DWA Team will work to facilitate the process for these producers to access credit from finance institutions.

- The DWA Team will also work to develop the raw material collecting activities for the carpentry subsector.

Potential Partners

These are organizations that could assist DWA in reaching objectives in supporting the fruit and vegetable subsector:

**Dom Bosco, CARE, FDES, FAS**

The above planned interventions are presented in more detail in the form of a Concept
Paper to be included as Annex 5 of this report.
2. The Fruit/Vegetable Subsector

Summary

This following is the result of analysis and intervention design efforts for the “Fruit and Vegetable” subsector in Luanda. The analysis of the subsector was undertaken in five parts, as follows:

- A review of the relevant
- Meeting with those persons who have knowledge of the subsector (key informants)
- Initial field investigations at production site
- Subsector producer survey
- Subsector workshop

The fruit and vegetable subsector in Angola should be an important part of the economy as it can provide both food security and income through the marketing of fresh and processed products. Fruit and vegetable production has remained stagnant over the years, for a variety of reason, and has given way to many imported products. There is a dire need to “jumpstart” the subsector and to provide it with the opportunity to grow and prosper. There is a wide range of fruits and vegetable that are growing, or can be grown, in the environs of Luanda. The skills of farming are a tradition in Angola and have been passed on to subsequent generations. The fruit and vegetable areas in DWA target locations is mainly in the Cacuaco area (specifically Villa Cacuaco, Vidrul, Kifangondo, and Funda.

Statement of Opportunities and Constraints

There are major constraints facing those in the subsector. Marketing problems include lack of sufficient quantities to attract buyers (mainly large distributors), poor presentation of produce and lack of market information for MSE's. Technology constraints include poor agronomy and post-harvest management on the part of the MSE farmer, limited access to adapted (for Angola) seeds, non-existent extension backup and lack of market transport. Financial constraints include a high cost of credit, difficulty on the part of farmers to access credit, and lack of innovative agricultural lending schemes. Organizationally, the industry is weak, business practices are poor, market planning is poor and farmers lack sufficient scale to take advantage of selling opportunities like Jumbo, oil companies, etc. Finally, on-farm infrastructures like irrigation and access roads remain problematic.

Some more specific constraints include:

- Lack of market linkages between MSEs and large distributors who are interested in buying local products
- Lack of use of intermediaries to provide marketing services
- Lacking knowledge of best practices in seed and plant management for Angola
High cost of imported seeds and plant material

Farmers’ association is weak and lacks ability to provide good services to farmers

Lack of access (or knowledge of) credit for fixed assets or working capital

Farmers face difficulty in dealing with government bodies in dealing with documents related to laws and regulations

Lack of coordination among farmers to develop economies of scale

Weak irrigation systems and lack of power

Lack of transport for crops form the farm to large distributors

Summary of Intervention Plans

From the analysis, BDS Team identified constraints and opportunities that are found in the subsector and considered relevant support interventions to address them. The suggested support initiative activities are as follows:

- The DWA together with partners (the DWA Team) will identify producers and provide them with extension support to organize them into groups, and provide technical assistance to enhance their crop production and management abilities. The DWA Team will support the development of fruit and vegetable products in a collaborative effort with other partners in Luanda. Particular effort will be made to link farmers (and their groups) with large distributors like Jumbo.
- The DWA Team will identify market intermediaries who can purchase and transport the crops produced by the groups, and assist in developing relationships between large buyers and the farmers’ groups.
- The DWA Team will identify and work with the farmers’ groups to assist them in developing products of sufficient quality and quantity for reaching larger markets (that currently buy/sell imported goods).
- The DWA Team will work to facilitate the process for these producers to access credit from finance institutions.
- The DWA Team will also work to develop the raw material production activities for the fruit and vegetable by assisting in the development of nurseries and developing linkages with suppliers of seeds and plant material.

Potential Partners

These are organizations that could assist DWA in reaching objectives in supporting the fruit and vegetable subsector:

Min. of Agriculture
ADRA
AFRICARE
The above planned interventions are presented in more detail in the form of a Concept Paper to be included as Annex 5 of this report.

V. General Conclusions and Recommendations

The DWA is in a good position to provide some important support to the MSEs of Angola. Interventions may be in the form of training, institutional capacity building, group formation, and in the form of coordinating activities among the trade groups of the subsector. Support is viewed as being comprised of component parts of a larger program for each subsector. The DWA can aid in fostering an environment that is conducive to growth and prosperity of the MSE sector during this critical time of Angola’s economic restructuring. It will be necessary to initiate a strong, focused effort in developing an institutional base, and then provide for sustainability efforts as time goes on. To do this, the DWA needs to have continuity in the provision of support to the MSE. The DWA will take on the role of coordinator or broker of development activities for the all levels of assistance (raw materials, producer, producer groups, and marketing). It is, therefore, imperative that DWA have a full contingent of resources and personnel that can actively coordinate the activities of the DWA, and partners, in a well orchestrated effort toward developing the chosen subsectors. The main consideration is, that DWA ensure that a total package of assistance is being provided. And, that the efforts do not become yet another scenario of providing ad hoc technical assistance that is not linked to a wider program of directed intervention.

1. The Next Steps

The following are initial action points related to the BDS program development and activities for targeted interventions:

Develop work-plans on a weekly basis to determine all activities necessary for the ultimate aim of reaching all objectives – These will need to be done in conjunction with the DWA-SLP management during the early months of the program, and should be detailed and comprehensive. As time goes on, the BDS Team will require less assistance in developing work-plans and will no longer need as much detail.

Develop needed forms and procedures for the operation of the BDS Program – This will involve looking at the various activities and determining the appropriate forms needed for casework, for example: “Client Contact Forms”, “Association Diagnostic Form”, “Meeting Logs”, Agreement Forms, “Client Commitment Forms, etc., etc. Along with this, will be the need for related operational policies and procedures for the work to be undertaken in the BDS program.
Collect baseline information to be used in comparing information derived from future M&E activities – This will include all aspects of baseline preparation, determination of sample size and location, conducting survey, tabulating results, analyzing of findings, and reporting.

Continued intervention specific research (e.g. info. related to raw materials, market intermediaries, etc.) – This will be an on-going process and will relate to the determined needs of the subsector.

Undertake an assessment of existing carpentry and fruit and vegetable groups/associations – A diagnostic tool will need to be developed to assess all aspects of the association, e.g. goals and objectives, personnel, administrative procedures, services to membership, resources available, long term planning, developmental needs.

Determine more exacting marketability of products (product development needs) – This may require more formalized market research to determine exacting needs and desires of the consumers. The information gained should dictate the product development and upgrading of skills for production in the two subsectors.

Continue intervention planning with potential partners – This will require meeting with potential partners and working together to determine exacting roles for each in the overall intervention plans. Resources provided and responsibilities of each organization will need to be made extremely clear to all.

Develop memoranda of understanding (MOU) with partners – Related to partnering, the MOU will need to be developed and used a guide in developing and substantiating relationships with others.

Refine strategic plans and time frames for intervention activities – This will be an on-going process throughout the life of the BDS program as new information is gained and new ideas and techniques arise.

Develop training plans and TORs for consultancies – A standard TOR format can be developed and adjusted as needed when seeking outside assistance.

Begin coordination of technical assistance and training according to plans from Concept papers
2. Potential for Present and Future BDS Activities

The following presents six major components of potential DWA BDS programming from a general viewpoint that takes into account a total package of assistance to MSEs of Angola.

1. Marketing

There is a strong need for external interventions that can aid in providing assistance related to marketing for MSEs. DWA's can coordinate and provide assistance in gaining access to markets. There is great potential for MSE products both within the country and as exports. Currently the MSE doesn't have access markets due to; lack of knowledge, real or perceived issues related to quality, lack of interest from those who could provide sub-contract work, lack of government commitment, etc.

Plans of Action Could Include:

- To assist MSEs in identifying new product lines
- To provide linkages between larger industries and MSE’s as feeders or subcontractor
- To assist in the development of a "quality control" body that will able to help MSE's in competing with imported goods
- To aide in the promotion of marketing of products from Angola's MSE sector.
- Buyer - Sellers Meetings - As one measure in dealing with the problems of marketing, DWA and NGOs, etc., could organize buyers and sellers meetings. Thus, bringing together producers and markets in another two-way exchange that could bring benefit to both parties
- Marketing Intermediaries- Entrepreneurs should be encouraged to enter the service business of marketing. These businesses would not only provide buyers for MSE products but could also provide the MSE with important information related to competition, design, sub-contracting opportunities and market exhibitions

2. Government Policy and Regulations

It has become clear that Angola’s MSE sector cannot rely solely on market forces for its development and that policy intervention is needed especially in these times of economic transition. The sector is struggling and is in desperate need of some concerted efforts for its development

Government policy must be written to include statements and actions in support of the MSE sector, for example:

- The government is committed to the development of the MSE sector
- The government must insure that MSEs can prosper in conditions that offer fair competition, to provide incentives for entry into the sector and to minimize bureaucratic red tape, including:
  - General lessening of bureaucratic hindrances
  - Taxation (incentives and fair assessments)
  - Land (provision of adequate premises)
  - Access to Markets (government and others such as oil companies)
- The government should seek to enhance the image and social attitudes toward the MSEs of Angola.

Plans of Action Could Include:

- Policy Formation for MSE Development - As there is presently a lack of policy for MSE development, it seems crucial that planning and implementation be developed as soon as possible. The policy must be one that provides for an enabling environment for MSE's and encourages entry into self-employment.

- Simplifying Regulations and Bureaucracy - Time and again it was reported that the regulations and formalities that the MSEs have to undergo are a deterrent to those who may wish to go into business and a hindrance the smooth running of the existing businesses. Entrepreneurs report countless forms to be completed and long waits for action. Many of those that do enter self-employment, do it on an informal basis to avoid the obstacles caused by the bureaucracy of government laws and regulation.

3. Institutional Development

The MSE sector is in desperate need of assistance and it appears that there are not adequate inputs from organizations mandated to address this need. The aim here will be to assist in the development of institutions that could be in a position to assist MSEs. These institutions can play a major role in becoming an extremely important component to Angola's MSE development influencing the total development of MSE's (both new and existing) on a nationwide scale. The role that DWA could feasibly play would be both in a coordinating role and as a deliverer of direct assistance to institutions and would include:

- The support to new and existing institutions. There must be a total evaluation of institutions and their capabilities with an aim toward their development

- Establishment of a forum to develop and promote co-operation among those institutions involved with MSE development. DWA is in a position to become the hub of MSE development for all of Angola. It has become quite apparent that there are those interested and/or involved in MSE development that seem to be operating in individual environments. The players of MSE development (albeit few in number) throughout Luanda appear to be operating in a vacuum. There exist a need for interactions and co-operation among all those involved to enable better planned and implemented service to the end user, the MSE. DWA is in a good position to take the lead in establishing a forum for MSE development and coordinating the related efforts.

- Aide in the development of other MSE support institutions that can work in tandem with DWA to provide a comprehensive package of BDS that is needed by MSE's throughout the country. DWA can design and develop state of the art institutional management, training and extension methodology that could be disseminated to the appropriate institutions.

4. Business Awareness/Business Image Improvement Programs

At this point in time MSEs are confronted with an "image" problem as viewed by society in general. For the most part MSEs are not being encouraged and are often regarded as unimportant and trivial. MSEs, by many, are not viewed as "serious" business. Additionally, there needs to be an effort to alleviate fears of those who are hesitant to enter
into business due to their perceptions of high risk and never ending problems. Included would also be facts related to sources of information and assistance to MSEs entrepreneurs and potential entrepreneurs.

The approach will be in a number of forms e.g., media, presentations, seminars etc. The aim will be to realistically present self-employment as a viable alternative livelihood that has importance to local and national economies. Special groups will be targeted e.g. graduates, those made redundant by downsizing (eg. ex-combatants), those attending skills training courses, etc.

`New Business Ideas`

Through observations, interviews and investigation it has been determined that there is potential for the expansion of existing business types through product diversification and also entry into new business types. It goes without saying that any new activity must be preceded by a thorough feasibility study to ensure the correct approach and allow for greater chances for success.

The following presents a list of new products or marketing efforts that may be good possibilities for Luanda. In the case of the products listed, virtually all products are currently imported from as far away as North America, South America, and Asia. It is absolutely essential that the local products be of sufficient quality to compete with the normally high level quality of imports. The list is by no means exhaustive and only illustrates initial thinking.

METALWORK
   Diversification of products for those involved in metal works to include:
   - Metal furniture handles/ornaments
   - Tableware; forks, knives, spoons
   - Bolts and nails
   - Metallic shelving

TEXTILES
   As diversification to the production of clothing, the following are suggested:
   - Textile upholstery of good quality (home/vehicle)
   - Lampshades
   - Computer systems covers
   - Buttons and other ornamental accessories for readymade garments

FOOD
   The main considerations here would, again, be the provision of international standards of quality.
   - Fresh 100% juice (there is a wide variety of fruit being grown throughout Angola)
   - Fresh milk and cheese at the local level
   - Fruits and vegetable can be supplied to oil companies, government agencies, and large retail outlets
   - Processing of fruits and vegetables
OTHER

These are, for the most part, currently being imported and are also viable possibilities for the MSE level enterprise.

- Packaging of all types (plastic containers, cardboard containers, etc.)
- Industrial clothing/uniforms
- Stationery; paper, pads, pencils, pens
- Wall clocks and other household decorations

5. Finances

Banks are notorious for not being too interested in MSE and, as they are profit orientated, it’s not too difficult to understand why. These banks are traditional commercial institutions and, for the most part, seem unaccustomed to dealing with the special needs of the MSE. They view the servicing of MSEs as unprofitable. At some future time there may be an opportunity to re-educate the banks in an effort to get them more involved with MSEs (as regards the special needs of the sector). In additions, the banks could take this opportunity to train the MSE entrepreneurs in the practice of banking, an effort that could have positive future consequences for all concerned.

There may be the possibility to develop other funding mechanisms for MSEs through private associations. These may be in the form of member sponsored revolving loan fund, suppliers credit, savings and loan schemes; short-term loans based on peer group approval or rotating savings and payout schemes (where members pay an amount on a regular basis and receive the total amount in rotation).

6. Information Center

There is an evident lack of information available to MSEs. The severity of this problem is illustrated by the fact that most entrepreneurs, when asked about their access to information, responded by asking for clarification of the question. Even when clarification was made the entrepreneurs remained confused and had great difficulty in answering the question. There is much that the entrepreneur should be aware of but there are no solid conduits for the information. These MSEs are operating at a disadvantage due to lack of information related to assistance, market opportunities, regulations, new technology, etc.

The overwhelming majority of the MSEs in Angola remain operating in a vacuum, unaware of the sources and availability of information that they so desperately need. They continue to struggle on making business decisions based on a lack of information that should be readily available to them. There has been observed a dire need for information by entrepreneurs and would be entrepreneurs. Important information related to marketing, skills upgrade, government regulations, etc., is not readily available. An Information Center could be established to meet this crucial need. The Center would be a clearinghouse of written and electronic information and may provide signposting, that is to say the Center may not always have the detailed answers to queries, but would be able to refer the MSE a person who does have the information. The most likely possibility would be to develop the Center from an existing organization, and in the future the Center could evolve into a self-sustaining independent body that can provide a wider range of services
to MSEs

6. Professional Business Services

Many MSEs are losing money as a result of their inability to manage certain aspects of the business such as clerical, bookkeeping, or legal issues. Paying a small amount to have books kept for the business could bring much more financial gain. MSEs and Accountants (or other business professionals) should be brought together to explore the mutual benefit that a working association would bring. A business professional could start a service business that can cater to the no too complex needs of the MSE and charge a modest sum. As the MSEs grow, so too will the business service.

3. Resources Needed

For DWA to be effective with any level of BDS support it must be sure that all required resources are in place. Any development program needs the full range of resources necessary for it to reach its stated objectives. For a new program this requires that there be substantial cost in the first year or so while the program is being developed and outfitted. As is true with a new business, the BDS program will require a good degree of start-up effort and may not see monetary returns in the early stages of development.

The following presents some major categories of resources that must be considered in starting the BDS program.

Management

The new program will require considerable management form the Project Manager and the Project Coordinator in the early months of operation. If, in fact, the BDS program becomes equal in size to the microfinance program, there will be need for a line manager position between the Project Coordinator and the Field Assistants.

Since this is a new program and the staff is new to the field of BDS, they will require a good degree of guidance and support from the management team. Left to their own devices the BDS personnel are not going to reach their objectives. This is by no means a reflection of their abilities, but rather the reality of the difficulty of undertaking a wide range of BDS activities after a mere 4 weeks of training. The management team will need to delineate tasks and responsibilities and desired outcomes on a weekly basis for the first few months. Along with this, there will need to be the expected encouragement and positive reinforcement for desired efforts. We must always keep in mind that a happy worker is a productive worker, no mater what the circumstances.

In time, as the BDS staff gain experience and confidence, they will have less need for micro management.

Personnel

The BDS program will require an adequate number of staff as dictated by the workload. The initial work with the two subsectors should require three BDS specialist, one administrative support person, one driver, plus management support. As work increases,
so too will the need for added personnel. It is important that the microfinance people not be involved with BDS and vice versa, given the vast differences, the two programs should remain separate entities.

The choice of persons for the BDS team should be based on:

- their interest in the field of BDS
- creative ability
- a good level of English as most BDS documentation is in English (at least one person)
- analytical ability (problem identification and problem solving)
- ability to effectively collaborate with private sector managers, government officials, academics, etc.
- good administrative habits
- good oral and written communications
- ability to encourage and motivate others

POSTSCRIPT – the above “personnel” paragraph was written prior to the decisions made by the BDS-SLP Project Manager and Project Coordinator to assign the BDS Trainees to BDS or Microfinance work. Therefore further expansion on the choice of personnel is now mute.

Transport

During the consultancy it was quite evident that transport was a major problem. With 7 more staff on board, it could turn into a logistical nightmare. There is a dire need for added transport. The issue is especially critical given the fact that there are no taxis that can be hired for a less than an exorbitant amount. It is this writer’s opinion that the BDS program should be allocated with:

- 1 - 4 wheel drive vehicle capable of carrying 10 persons comfortably
- 3 – 100cc motorbikes equipped with heavy duty “knobby” type tires for rough terrain
- helmets, motorbike storage boxes, and appropriate spares

Once again, it must be stressed that the success of the program is heavily contingent on the availability of needed resources. The program must not suffer due to lack of transport. For example, a marketing transaction should not be lost because DWA staff was not able to meet with the Director of organization X due to the unavailability of transport.

Office Space

The BDS program will require the normal office facilities, as would any business. This would include offices for BDS personnel with secure place for confidential files. All staff should have allocated areas for carrying out deskwork and conducting private meetings. Optimally, the facilities would include a room where groups of people could meet.

Equipment

The BDS team will need a list of equipment to include:
- At least 2 computers with wordprocessing, spreadsheet, and database software
- 1 printer with hookup for multiple computers
- Photocopy machine
- Communications needs; telephone, radios, internet access
- Normal office supplies

**Staff Development**

**Staff Appraisals**

As soon as possible, staff should be made aware of the DWA system of performance appraisal and the frequency of appraisal interviews. It is suggested that appraisals be made at the completion of the first three months of work, then at 6 monthly intervals thereafter. The DWA-SLP management should initially (as soon as possible) meet with each employee to discuss:

- Expected work goals as detailed in job description and work-plan
- Performance appraisals (forms and procedures)
- Date of performance appraisal
- Training needs of BDS personnel
- Expectations on the part of the BDS personnel

**Salaries and benefits**

The BDS program requires a long-term investment in professional personnel. The personnel must be respected as professionals and paid the equivalent salaries, and given the same range of benefits, as others undertaking similar professional duties in other organizations.

**Staff Training**

As previously mentioned, there is a important need to have all BDS staff equipped with the proper set of skills and tools. The following present some major skill areas that needed to undertake the task of the BDS practitioner.

Baseline and Evaluation Surveys Programs
Time management
Psychology of Group Dynamics
Creative Problem Identification and Problem Solving
Diagnostics of Businesses and Institutions
Business Cluster Development
Institutional Development
Business Plans
Lobbying and advocacy methodology
Organizational Development
Review of the subsector approach
Fundraising for Institutions
Marketing and Promotion
Market Research
General Training of Trainers
Training of Trainers in-
This consultant is qualified and prepared to undertake the activities needed to prepare the BDS staff in all of the above areas of staff development (including the development of systems for performance appraisals), and has previously developed training modules for most of the abovementioned topics.

4. Planning for Sustainability
It is clear to all in the development business that donor funding is not in endless supply and is becoming more and more difficult to secure. Therefore, one prime activity for all development programs should be to plan for their own sustainability. There are many ways that this can be done given the required creativity and planning. Most BDS program immediately turn to the idea of “training” when thinking of cost recovery – although this is one means of generating income, there are many more possibilities that are only limited by imagination an resources. The following are some possible ways that DWA can generate income, provided all necessary skills an resources are available:

- **Fees for Training**
  This could be for BDS clientele as well as other organizations and government agencies. Fees for BDS clientele will probably need to be subsidized to some extent at the early stages of the program

- **Subsector Studies**
  As the BDS team becomes more proficient at undertaking subsectors studies they can start to provide the same to other organizations who may not have the expertise. The subsector study should also include the option for the design of related interventions.

- **Market Studies**
  The BDS team could provide market studies to the private sector, NGOs, and government agencies. This may be something as simple as a consumer survey, or as complex as a study of the effects of import products on the marketing efforts of indigenous producers

- **Developing and Coordinating Fairs and Other Promotional Events**
  On a flat fee or percentage basis, DWA could coordinate the promotion and sales of locally made products at Fairs, display events, in collaboration with other events (or holidays) etc.

- **Coordinating the Development of Market Linkages**
  DWA can act as facilitator/mediator in bringing together groups in the formation of market linkages.

- **Marketing Company for Locally Made Products**
  In an effort to promote locally made products, DWA can undertake activities of a marketing company.

- **Survey Services to Private and Public Organizations**
A variety of surveys can be offered to organizations, these might include baseline surveys, monitoring and evaluation surveys, consumer opinion surveys, policy surveys, etc. The survey programs would include: design of instruments and procedures, enumeration, data tabulation, and analysis of findings.

- **Institutional Capacity Building**
  DWA can provide a variety of capacity building services to NGO and governmental agencies.

- **Business Assessments for Larger Enterprises**
  A diagnostic program can be used to assist larger enterprises in identifying weaknesses in their structures. Follow-on training could be provided as identified in the assessment.

- **Coordination of “Buy Angola” Promotional Campaign**
  Funding could be secured from oil companies, international donors, NGOs and others to be used in developing the campaign. Other funding could be derived from sales of locally made products.

- **Lobbying/Advocacy Research and Reports**
  DWA could undertake the tasks of researching and preparing the reports for policy issues in preparation for submission to appropriate government bodies.

- **Writing of Business Plans for Private Business and NGOs**
  DWA staff could work with business and other organizations to develop appropriate written plans that cover all aspects of the business or organization.

- **Accounting Consultancies**
  DWA staff could offer accounting assisting for businesses or organization as an ongoing proposition, or for year-end financial reporting.

- **Creating a Business Resource Center**
  This could be a place where business people or NGO personnel could come for information about markets and other aspects of business. The Center could generate income through the sale of reports, newsletters, and through the hiring of clerical equipment and services.

As is the case with the previous sector of Staff Development, this consultant is also able to assist in the development of programs for the implementation of the abovementioned means of generating income.

### 5. Impact Measurement

The impact measurement methodology presented is based on this consultant’s current work with performance measurement in various countries throughout the world. The following summarizes the approach. The related methodology and tools will be included as Annex 6 of this report.

**Impact on MSEs.**

A. **Goals – What the Impact survey is attempting to measure**

The ultimate aim of any BDS program is to help MSEs become stable or grow so that they can improve the livelihoods of families, generate employment, and contribute to economic growth. Most BDS programs find it too challenging to assess changes in household livelihoods and economic growth that might be attributable to BDS programs. In addition, this information provides them with little that might help them provide better services. As a
result, this framework, based on recommendations from BDS program managers around
the world, focuses on an assessment that looks at the attribution, use, and benefits of
business development services. This approach provides significant feedback to BDS
suppliers to help them improve and sell services and gives them some information about
the financial impact of business development services on MSEs. The link between the
financial impact on enterprises and the ultimate impact on families and the economy is
assumed to be strong, but occasional evaluations could assess the extent of the
connection for different types of businesses in different contexts.

Measuring of Impact will provide quantifiable information related to acquisition, use, and
benefits of business development services.

B. Rationale behind the indicator selection

The indicators for assessing customer acquisition are customer satisfaction and repeat
customers. These indicators help providers assess their performance in meeting the
demand for services. Regarding “use,” the framework assesses the percentage of
customers who change their business practices, as defined by the BDS provider. This
information helps providers and supporters understand the extent to which the business
development service is having the intended effect on the business, and it can help a BDS
provider redesign services to better meet customer wants and needs. “Benefits” are
assessed in terms of “estimated gross profit” (sales - raw materials). This helps the
researcher assess the program’s overall performance in adding financial value to
businesses and helps the provider assess whether the price of a service is realistic. It may
also provide advertising material for the provider to communicate to potential buyers the
magnitude of the financial benefits from its services.

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<td><strong>Objective</strong></td>
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<td>Increase customer acquisition of business development services (increase sales)</td>
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<td>Increase customer use of business development services</td>
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<td>Increase customer benefits from business development services</td>
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**Customer Satisfaction**

I. Acquisition: Customer Purchase Information

**Indicator:** Percentage of customers reporting “exceeded expectations” in a customer survey.
**Indicator:** Percentage of customers who have purchased a service more than once through the same program. (repeat purchases)

The intent of this indicator is to measure customer satisfaction by assessing whether customers like a provider enough to use it again. This indicator is relevant only for services that are supplied several times. For example, although an MSE might not take the same course twice, if a provider offers more than one course or a program offers vouchers for different providers, the MSE might take several different courses. If the service is not a service that MSEs would purchase more than once, please explain why.

**II. Use: Business Practices**

**Indicator:** Percentage of MSEs purchasing a service that changed business practices as intended and defined by the BDS program.

Every business development service is intended to help an entrepreneur change a business practice that will ultimately increase enterprise income. For example, a technology access program might help reduce costs or improve quality, accounting training helps staff manage cash flow and increase profitability, and a marketing company helps increase sales. This indicator assesses the portion of assisted MSEs that change their business practices as the BDS program intended. Each program will define the change in business practices according to the specific service or services offered. This is the one indicator in the framework that is service specific.

**III. Benefits: Business Performance**

**Indicator:** The average net change of the gross profit of MSEs purchasing a business development service in two years or less since receiving assistance; the aggregate net change of all the MSEs purchasing a service through the program.

Although it is quite challenging to assess the financial performance of MSEs, improving financial performance of a business is a principal aim of BDS programs. Rather than asking researchers to collect a wide range of data, this framework focuses on one financial indicator in the hopes that it will be more practical to collect one than many. Gross Profit (sales - raw materials) is a good proxy indicator for profits, and it represents an enterprise’s contribution to gross domestic product. If this is too challenging, for the purpose of these case studies, sales data will suffice.

As previously mentioned, Impact Measurement Tools and methodology will be included as Annex 6 of this report.
VI. Appendices

a. Terms of Reference
b. Consultant’s Workplan
c. Training Notes
d. The Subsector Workshop Agenda and Participant List
e. Concept Papers
f. Impact Measurement Methodology and Tools
ANNEX 1

Terms of Reference
Business Development Services Consultancy

Terms of Reference

Background
Development Workshop-Angola is an international NGO providing a set of multi-faceted services to the urban poor of Luanda. Services provided include water and sanitation and support for the informal sector. The informal sector support program has gone through a number of phases. In the early 1990s, DWA focused on research on and about this sector and its performance in a highly inflationary and unstable environment such as exists in Angola. This process helped improve DWA's understanding and knowledge of the Angolan informal sector, especially allowing them to increase their understanding of types of business people, the businesses they are involved in and why, and to some extent the traditional savings system called kixikila. In addition, DWA gained additional and invaluable experience between 1995 and 1997, when it implemented the Women's Enterprise Development program, which aimed to improve the economic well being of women in the informal sector of the economy in Luanda.

In July 1999, DWA in partnership with One World Action developed the Sustainable Livelihoods Program (SLP) part of the Luanda Urban Poverty Program supported by the British Department for International Development. The SLP has developed out of DWA's previous experience and particularly the WED project and continues to focus on the informal sector.

The evaluation of the WED carried out in 1998 recommended a broadening of the scope of the DWA-SLP approach to the informal sector. This necessitated the design and development of micro-finance delivery methodology specifically suited for the conditions in Angola. Additionally, DWA realized that micro-finance alone cannot address many of the constraints faced by the micro and small scale enterprises (MSSEs) and could no way lead to the sustainable transformation of lives of the poor in Angola. It was decided early, following on the WED experience, that the SLP should provide non-financial services, herein referred to as Business Development Services (BDS). DWA has already started implementing the micro-finance component of the project, although the BDS component has yet to be fully developed. DWA is therefore looking to engage a consultant to assist in the development of a BDS model that can be piloted and possibly replicated once refined.

Purpose and Objectives of DWA-SLP

The central objective of the SLP is to develop, implement, test and replicate community-based approaches of enhancing the economic livelihoods of the urban poor of Luanda.

The main objectives of the program are:

2.1 To develop, test, evaluate and replicate sustainable models for delivering micro-finance services to the economically active poor.

To develop, test, evaluate and replicate approaches to BDS for the economically active poor.

To identify and promote improvements in business environments of the informal sector.
To build the capacity of local organizations to support micro-enterprises and replicate MF and BDS models.

To develop effective and efficient project management systems.

Assignment rationale

DWA has gained a certain amount of experience in the Micro Enterprise Development sector, particularly in the provision of micro-credit to groups of women through the Women's Enterprise Development project. The goal of the WED was to improve the economic well being of women in the informal sector of the economy in Luanda and to contribute to local and national policies and activities thereby reducing the constraints while improving the opportunities for women small entrepreneurs.

The experience of this project indicated that some improvements in the economic well-being of women was achievable but that more needed to be done in order to realize significant transformation of micro and small scale entrepreneurs. Also the WED project was able to identify sectors and sub-sectors in which most of the target clientele were involved.

These included the following:
- Service Sector - sub-sectors identified included the sale of food (cooked) and hair saloons
- Commercial trading - sub-sectors identified included the sale of fish, drinks/juices, oil, biscuits, sugar, dresses and shoes
- Manufacturing/Producers - sub-sectors identified included the manufacturing of furniture.

Among these sectors, commercial trading appears to be the most prevalent. Regardless the need to understand the conditions under which each of these sectors operates under have to be established so as to enable the entrepreneurs concerned to serve the clients efficiently and effectively.

One of the constraints identified in the end of project evaluation of WED was that the range and depth of economic activities was found to be relatively narrow. A situation that often leads to the saturation of particular product market and hence to relative stagnation. This appears to be a problem across the market rather than focused on particular products.

DWA have so far identified the following needy areas for BDS intervention:
- increasing product value
- employment creation
- starting up new businesses
- improving the practical management of existing enterprises

The development of BDS delivery models is viewed as a step towards increasing synergies between financial and non-financial interventions.

Objectives of Consultancy
Guided in part by the knowledge of global best practice experiences and the realities of Angola, DWA need to develop a BDS model to:

- start up a new business/enterprise
- improve already existing business/enterprises.

Emerging from this of core requirements is a set of objectives, which are as follows:

4.1 To identify, analyze and prioritize key bottlenecks that are impeding the growth of existing business/enterprise for each of the sectors identified in section 3.

4.2 To design a delivery model of BDS for existing businesses/enterprises that would address these bottlenecks, while taking the following into consideration:
   - delivery framework
   - cost recovery mechanisms
   - how to measure the scale of impact

4.3 To design a delivery model of BDS for starting up new businesses/enterprises

4.4 To determine the extent of operational and financial sustainability of both models.

4.5 To organize a workshop at the end of the consultancy in order to present the draft report to key stakeholders.

Without limiting the scope of the exercise to the above, the consultant will also be required to examine the management structure and systems of the SLP team in terms of the following:

- capacity, efficiency and effectiveness to implement the recommended BDS models
- assess the capacity of current facilities and resources (physical, financial, personnel, material and technical).
- Recommendations should be made regarding any additional resources required to support the implementation of the models in light of the following:

  The economy remains as it is
  Better macroeconomic environment prevails
  Worsening of the current economic situation

5. Expected Output

four copies of a report covering working documents on the two models including:
- Delivery framework
- Cost recovery mechanisms
- How to measure the scale of impact
- Findings, methodology and recommendations.

6. Person Specification
A relevant post-graduate qualification (Technical Degree in a business related field)

Not less than five years working experience in the informal sector, particularly the economically active poor.

Experience of working in social research, including participatory methodologies.

Good analytical, programme development and reporting skills.

Good interpersonal and communications skills.

Portuguese or Spanish would be an advantage.

7. Application procedure

The consultant will be required to submit a proposal setting out how they plan to carry out the above assignment, including a work plan to DWA by 19 March 2000.

Proposals can be emailed to DW at the following email addresses:

dwang@ebonet.net
dwang@angonet.org

The subject line should be clearly marked For The Attention Of Margaret Jiri, SLP BDS Consultancy.
Training Notes
Summary Notes of Training on Business Development Services and The Subsector Approach for DWA-BDS Field Assistants

June 2000

Training Objectives and Topics
I. Objectives:

1. By the end of the training participants will have a working knowledge of the Subsector Approach and Best Practices for BDS as viewed by the consultant and as relates to work undertaken by BDS practitioners in the field.

2. The session will offer an opportunity for the participants to contribute their knowledge and ideas about Best Practices for BDS, especially in the Angolan context.

II. Duration:  Training was on-going over a 4 week period, interspersed with practical application of what was being presented.

Materials Needed:  
- Flip chart paper and markers  
- Tape and scissors  
- Paper and pens

IV. Procedure:

Two points to be stressed:

The presentation are, for the most part, based on experiences of the consultant and, and others with whom he has collaborated.  The examples are not exhaustive and do not represented all work that has been, or is currently being, undertaken in the field.  That participant are encouraged to share their experiences vis-a-vis enterprise development in Angola

Training Style:

This training is fully participative and interactive.  All participants are expected to present their views and experience in a way that would contribute new knowledge, or personal views related to the subject of business development services.  Some points for consideration:

a) Maintain respect for time (starting, breaks)  
b) Keep to the subject matter at hand  
c) Respects others opinions  
d) Take the work seriously, be productive and — have fun!
TOPICS

1. Introduction to the Training:
   - Objectives
   - Training style
   - Schedule of Topics

2. General Overview of Micro/small Enterprise Development:

3. Understanding the Specific Needs of the Subsector

4. The Subsector Approach
   - Selection
   - Analysis
   - Intervention Design
   - Implementation

5. Best Practices in Business Development Services
   - Cross-cutting principles
   - Categories of Interventions with Examples

6. Intervention Concept Papers

7. Monitoring and Evaluation
The following presents notes and bullet points that were used in presenting and discussing information related to the Subsector Approach and Best Practices for BDS interventions with the DWA-SLP BDS Team. Information is presented and clarified by using examples from the facilitators experience as well as from experiences of others. Relevant handouts were distributed to enhance the understanding of information presented.

1 Introduction to Business

Early on it was decided that there was a need for a brief introduction to “business” with a focus on the micro and small scale.

The following were presented and discussed during this introduction:

- The 3 objectives of all businesses (Service, Profit, and Growth)
- The 5 “Ms” of business management (Money, Manpower, Materials/machinery, Marketing and Methodology) and expected output (quality products and service, customer satisfaction, worker satisfaction, and profit)
- Entrepreneurs and entrepreneurship
- The importance of micro and small enterprises to the economy
- The challenges of operating a small business

2. General Overview of Micro/small Enterprise Development

The development of micro and small scale enterprises (MSEs) has long been regarded as crucial for the achievement of broader development objectives, including poverty alleviation, economic development and the promotion of more democratic and pluralist societies. Donor support for MSE development interventions has increased substantially over recent decades, and donor agencies have accumulated considerable experience in this field. However, recent years have seen major shifts in the approaches adopted.

Donors have supported MSE development in a variety of ways. Since the early 1980s, support for financial services has received particular attention, reflecting the widespread agreement that real progress has been made in the design and delivery of financial services for MSEs. Support for the provision of business development services (BDS) to MSEs has also been popular with donors since the mid 1970s. However, during the 1970s and early 1980s, BDS interventions tended to be confined to training and technology and often involved donor and implementing agencies working directly with MSEs. The sustainability of interventions was not given priority, since subsidies were regarded as investments in the future, and little consideration was given to the questions of impact, effectiveness and efficiency.

During the 1980s, the range of services that were supported, in addition to credit, widened substantially to include individual business advising/counselling, the facilitation of market access, the development of networks and clustering, the provision of information in a variety of areas, such as equipment, technology and markets, as well as physical facilities and shared services. In particular, as methodologies for the delivery of financial services (savings and micro-credit facilities) to small enterprises have developed they have shown that services to the sector can be delivered in a sustainable manner. Donors, recipient countries, and intermediary organizations have become increasingly concerned about the impact and cost-effectiveness of interventions, and
sustainability has become a major objective in terms of both cost recovery and institutional capacity at the country level.

In the early 1990s, big strides were made in turning experience from credit programmes for small businesses into a well-defined set of best practice principles that could be widely replicated, leading to improved levels of impact, sustainability and cost-effectiveness. Recent years have seen a similar effort to identify best practices in the area of non-financial services. However, these services are much broader in their range and more complex in terms of their contents and delivery. Guidelines for BDS interventions comparable to those for financial services have not yet been developed.

The field of BDS delivery continues to change rapidly as methodologies for defining and delivering services become more sophisticated and more rooted in the commercial, day-to-day realities of small businesses. Today’s training is designed to present to the principles and experiences of best practice in BDS delivery by providing a ‘snapshot’ of the current state of the art as viewed by the consultant.

UNDERSTANDING THE SPECIFIC NEEDS OF THE MSEs

Just as businesses require a good knowledge of the needs of their customers, BDS have to develop an accurate understanding of the situation of MSEs so that they can respond appropriately to their needs and develop appropriate interventions for MSEs. This is an integral aspect of the adoption of a business-like approach to the provision of BDS services.

The starting point for the design of any intervention intended to promote MSE development is therefore an assessment of their needs and perceptions. But it is important for those designing interventions for MSE development to be clear about what is meant by MSE needs. Although most MSE projects now at least claim to be based on needs, there are many examples of project interventions in which the identification of needs is in practice something of a half-hearted attempt to justify an approach that the BDS organization had in mind all along. The situation is complicated because discussions of MSE needs are increasingly characterized by the use of different terms, which may serve to confuse rather than clarify the issues.

These terms include felt or perceived needs; objective, logical or real needs; and demand. In the context of BDS:

- felt/perceived needs are those which MSEs perceive and state to be their problems and which therefore reflect their own immediate analysis of their situation;
- objective/real/logical needs are those that BDS organizations believe to be the needs of MSEs, and therefore reflect the analysis of the situation by BDS organizations; and
- demand refers to the willingness of MSEs to pay for a service offered by BDS organizations, thereby reflecting not only MSEs’ analysis of their own (felt) needs, but their willingness to pay for a service that addresses these needs.

This leads to the conclusion that BDS organizations should be principally developing services for which there is a demand from MSEs. There are an increasing number of examples of MSEs paying for services which they perceive as addressing a problem area and likely to bring recognizable benefits. But MSEs do not always know what is in their interests and do not necessarily have a complete knowledge of all the factors pertaining to their business. Interventions based on an external analysis of MSE needs may therefore have to educate them as to the potential benefits of the service offered.

Needs Assessment
Over recent years, a number of approaches have been developed to needs assessment based on:
• **closeness to MSEs**, with needs assessments being carried out by persons with experience of MSEs and MSE interventions, a ‘feel’ for business matters and a good contact with MSE owners;

• **participation**, since the involvement of potential clients in the identification of needs and the design of interventions normally leads to better project design, a stronger sense of ownership and greater sustainability;

• **on-going learning and planning** through regular performance reviews which combine evaluation and the assessment of future needs;

• **a tight focus**, which avoids over-generalized statements of needs and generates specific information on what MSEs cannot currently do but should be able to do; and

• **an emphasis** on not just what MSEs need, but how, when, where and in what format MSEs want BDS organizations to deliver services (which often simply means not during working hours).

Based on these approaches, needs assessment techniques have become increasingly popular in recent years, specifically the use of the **subsector approach**, which also encompasses the next two, which is based on the view that MSEs in the same subsector or trade face common constraints and problems. This approach involves the choice of a subsector in which large numbers of the intended target group are concentrated and the identification of the specific constraints and opportunities of the target group within the subsector.

A second approach, consisting of interventions with an experimental component that seek explicitly to both learn and ‘do’, is known as **action research**. Based on an action-reflection-action cycle, the focus is on user learning with the support of an external facilitator, in the belief that owner managers are more likely to be able to take account of the complexity of their situation and that the solutions that they generate will be more sustainable.

Finally, the term **participatory rural appraisal** covers a family of techniques used primarily by rural development organizations in which rural people are given an extended opportunity, using a variety of tools, to analyse key aspects of their environment, such as productive resources, environmental trends and wealth ranking. Participatory rural appraisal has proven to be very effective in gaining an accurate insight into the real situation of rural people, giving them ownership over subsequent interventions. However, its transfer to urban situations has been much less successful.

### 3. The Subsector Approach

As a means of understanding the specific needs of entrepreneurs it is suggested that a subsector approach is one that can provide the broadest range of information when planning for business development interventions. Some concepts of the subsector approach are:

**DEFINITION:** A **subsector** can be defined as a vertically integrated group of enterprises (both large and small) that deal with the same product group. A subsector includes enterprises that produce or procure raw materials, enterprises that process them, and enterprises that sell the finished products (both on a wholesale and retail basis).

**DEFINITION:** A **trade group** can be defined as enterprises that share the same economic activity. Within the fruit juice subsector, for example, one can find distinct trade groups in fruit juice production, processing, wholesaling, and retailing.

**DEFINITION:** A **subsector approach** is one that focuses on the interrelationships between many different actors within a targeted subsector, and also one that focuses interventions...
on the needs of specific trade groups.

SUBSECTOR DESIGN METHODOLOGY

Subsector Selection

Determine criteria
Identify subsector candidates
Establish a ranking system
Collect information (initial)
Select subsector(s)
Develop Subsector map

2. Subsector Analysis

Conduct in-depth or rapid analysis/survey
Key Informant interviews
Develop an intervention matrix
Workshop to Validate findings (Map, C&O)

3. Intervention Design

Review all relevant information
Refine Map and C&O matrix
Identify most promising interventions
Gather further information and commitments
Develop a concept paper

I. Implementation

1. SUBSECTOR SELECTION

Determine criteria, identify candidates, establish a ranking system, collect information, select subsectors

What criteria are most appropriate? For example:

Unmet Market Demand
(Should Be Highly Weighted Criteria)
Opportunities for Linkages (Should Be Highly Weighted)
Potential for Employment Generation
Women’s Involvement
Number of Small Enterprise Able to Engage in Linkages
Value Added/ Use of Domestic Inputs
Potential for Greatest Increase in Earnings and Wealth
Potential for Increases in Productivity
Government or Donor Interest / Existing Support Programs
Make choice. Objective is to make final selection or narrow down choice of subsectors that will now undergo more extensive analysis

- review short list of subsectors
- present ranking grid
- discuss each criteria for each proposed subsector
- total and rank
<table>
<thead>
<tr>
<th>DESCRIPTION</th>
<th>DESCRIPTION</th>
</tr>
</thead>
<tbody>
<tr>
<td>UNMET MARKET DEMAND (should be highly weighted criteria)</td>
<td>Strong effective demand stemming from local demand, municipal authorities, public works, export opportunities, etc.</td>
</tr>
<tr>
<td>OPPORTUNITIES FOR LINKAGES (should be highly weighted)</td>
<td>Potential for forward and backward linkages between large and small enterprise. Number of small enterprises able to engage in linkages.</td>
</tr>
<tr>
<td>POTENTIAL FOR EMPLOYMENT GENERATION</td>
<td>Potential for enterprises (large and small) in the subsector to create new employment opportunities</td>
</tr>
<tr>
<td>VALUE ADDED</td>
<td>Opportunities to add value to raw materials, leading to higher earnings.</td>
</tr>
<tr>
<td>POTENTIAL FOR GREATEST INCREASE IN EARNINGS AND WEALTH</td>
<td>Subsectors that show the highest potential for increased revenues at all levels</td>
</tr>
<tr>
<td>POTENTIAL FOR INCREASES IN PRODUCTIVITY</td>
<td>Opportunities (through technology, mgt systems, etc.) to increase small enterprise productivity and earnings.</td>
</tr>
<tr>
<td>GOVERNMENT OR DONOR INTEREST / EXISTING SUPPORT PROGRAMS</td>
<td>Government or donor interest in a subsector (can translate into positive linkages, overall support, and/or funding) Existing programs in the same subsector (can result in synergies and complementary activities)</td>
</tr>
<tr>
<td>AGENCY MANDATES</td>
<td>Presence of minorities, environmental impact, etc.</td>
</tr>
</tbody>
</table>
## GRID USED FOR SUBSECTOR RANKING

<table>
<thead>
<tr>
<th>CRITERIA</th>
<th>PROPOSED SUBSECTOR</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unmet Market Demand (weighted x2)</td>
<td></td>
</tr>
<tr>
<td>Opportunities for linkages (weighted x2)</td>
<td></td>
</tr>
<tr>
<td>Potential for Employment Generation</td>
<td></td>
</tr>
<tr>
<td>Government or Donor Interest / Existing MSE Support Programs</td>
<td></td>
</tr>
<tr>
<td><strong>TOTALS</strong></td>
<td></td>
</tr>
</tbody>
</table>
SUBECTOR ANALYSIS:

MAPPING

One of the principal tools of subsector analysis is a subsector map, it provides a graphic representation of the alternative production and distribution channels within the subsector and the key actors (trade groups) within each of these channels.

The subsector map is presented and explained, graphically illustrating the different actors and production/distribution channels involved in producing the given product.

Questions for participants:

What information would be missing if anyone of these actors was left out of the map?

How would this limit your understanding?

What is the usefulness of subsector maps? (ER: allows one to grasp the "big picture" of the subsector; allows one to visualize where major constraints are; allows one to identify where interventions need to take place, provides a shared mental model)

Presentation of maps designed for Egypt Wood Furniture, Ghana Vegetables, etc.

KEY INFORMANT INTERVIEWS

The key informant interview is an important component to the total process and is included in the selection phase and also in the analysis.

Key Informant interviews are carried out using a prepared form and procedures. The following is a brief summation of the form used for interviewing key informants.
Interviewer: ________________________    Date: ____________________

Organization : ______________________________

Contact Name: _____________________     Contact Title: ______________

Short Background of the organization:

Major activities of the organization:

If involved with MSE development:

Where
Client profile¹
Services offered
View of general constraints/opportunities for MSEs
View of constraints/opportunities for the organization

If not involved with MSE development:

What are your general views of MSE development in Luanda

Do you know of others who may be able to provide information about MSEs in Luanda

Other relevant information

¹ Expl.: target of bds/finance, male/female, micro/small, urban/rural, mfg/svc/ret/ag, etc
CLEAR COMPREHENSION OF CONSTRAINTS AND OPPORTUNITIES

Once a map is produced, the next step in SS analysis is to identify constraints and opportunities in the subsector. Participants are asked how this can be done (interviews, studies, workshops with sector representatives and key informants). Facilitator explains that generally a new round of interviews (in addition to those made to construct the map) are conducted for this purpose.

Facilitator presents importance of breaking constraints and opportunities down by categories in order to facilitate information gathering as well as intervention design. Ask participants to suggest categories. Presents list prepared in advance.

Categories

- Technological /Product Development Constraints
- Market Access Constraints
- Organization and Management Constraints
- Regulatory (Policy) Constraints
- Finance Constraints
- Input and Supply (Procurement) Constraints
- Infrastructure/transport Constraints

Facilitator asks participants to describe examples of each category. He/she lists responses and then shows pre-prepared list.

Facilitator explains that a useful tool for organizing information on constraints and opportunities, and for then proceeding with the identification of appropriate interventions is an intervention matrix. The intervention matrix, along with the subsector map, are tools that can be used to foster a shared mental model of the subsector, especially when several support organizations are involved. It is also very useful in bridging the gap between our analysis and implementation.

Facilitator presents a model of an intervention matrix and explains that it will be a principal tool during the program design exercise.
General examples of constraints and opportunities

<table>
<thead>
<tr>
<th>Category</th>
<th>Constraints and Opportunities</th>
</tr>
</thead>
<tbody>
<tr>
<td>Technological / Product Development</td>
<td>inappropriate or nonexistent tools/machinery/technologies, lack of access to same, lack of technical skills to produce to buyer specification, lack of information on product demand</td>
</tr>
<tr>
<td>Market Access</td>
<td>lack of linkages to large buyers, inability of MSEs to produce or supply to buyer specifications, lack of marketing organizations or brokers, lack of information on product demand, lack of marketing techniques or methods, lack of market, unmet market (opportunity), high transportation costs</td>
</tr>
<tr>
<td>Organization and Management</td>
<td>inability of MSE producers to organize for economies of scale, lack of MSE trade group specific training in specific areas (financial management, internal organization, production skills, marketing), poor organization of large buyers or suppliers, lack of communication and/or cooperation between different trade groups</td>
</tr>
<tr>
<td>Regulatory (Policy)</td>
<td>import taxes that penalize local producers, artificial price subsidies, lack of regulations, lack of govt. contracting procedures that favor MSEs,</td>
</tr>
<tr>
<td>Finance (not including MFIs)</td>
<td>lack of supplier credit, lack of access of commercial funding, no alternatives to traditional bank lending, inability to provide adequate collateral</td>
</tr>
<tr>
<td>Input and Supply (Procurement)</td>
<td>high prices, poor quality of raw materials, lack of suppliers, existing suppliers have limited outreach, high transportation costs for MSEs and/or large suppliers</td>
</tr>
<tr>
<td>Infrastructure</td>
<td>poor infrastructure</td>
</tr>
</tbody>
</table>
## INTERVENTION MATRIX

<table>
<thead>
<tr>
<th>Category</th>
<th>Constraint / Opportunity</th>
<th>Trade Group</th>
<th>Proposed Intervention</th>
</tr>
</thead>
<tbody>
<tr>
<td>Market Access</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Technology</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Policy</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Inputs</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Finance</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Organization / Management</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Infrastructure</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

The matrix should be accompanied by a narrative description.
SUBSECTOR TRADE GROUP SURVEY

Identify and define the population being analyzed

The population to be analyzed in this survey is all members of the subsector as chosen by DWA.

Determine desired sample size

Choosing a sample size is one of the most important parts of designing a survey. Quite simply, the more people interviewed, the more accurately you are able to get data that is reflective of the total population. Some subsectors may have a small enough population that allows for interviewing for everyone (or nearly everyone). But, in most survey situations we are unable to interview large numbers of respondents due to lack of resources such as time, money, transport, and personnel.

Another issue in determining sample size is that of the degree of confidence the organization requires. The confidence level is the degree to which you are certain that the results are a true reflection of the population. Along with this we have a margin of error (related to the confidence interval) which is a “+” or “–” amount that indicates precision. As an example, a poll may show that of 1000 respondents throughout the world, 60% of them have considered starting their own business, while 40% have never thought about starting their own business. The poll designer will then explain that this is with a 95% confidence level and a margin of error of + or – 3 percentage points (the range could be 57% to 63% for those who have considered starting a business, and 37% to 43% for those who have never considered starting a business).

There are formulas that will calculate the sample size based on population size, required confidence levels and confidence intervals. As an example, if you have a population 2500, and you wanted a confidence level of 95% and a confidence interval (margin of error) of 5, your sample size would be 333 respondents.

Some other examples are:

**Sample size** (for 5% margin of error) –

<table>
<thead>
<tr>
<th>Population</th>
<th>90%</th>
<th>95%</th>
<th>99%</th>
</tr>
</thead>
<tbody>
<tr>
<td>50,000</td>
<td>271</td>
<td>381</td>
<td>655</td>
</tr>
<tr>
<td>20,000</td>
<td>269</td>
<td>377</td>
<td>642</td>
</tr>
<tr>
<td>10,000</td>
<td>265</td>
<td>370</td>
<td>622</td>
</tr>
<tr>
<td>5,000</td>
<td>257</td>
<td>357</td>
<td>586</td>
</tr>
<tr>
<td>2,500</td>
<td>245</td>
<td>333</td>
<td>525</td>
</tr>
<tr>
<td>1,000</td>
<td>214</td>
<td>278</td>
<td>400</td>
</tr>
<tr>
<td>500</td>
<td>176</td>
<td>218</td>
<td>289</td>
</tr>
<tr>
<td>250</td>
<td>122</td>
<td>152</td>
<td>182</td>
</tr>
<tr>
<td>100</td>
<td>70</td>
<td>80</td>
<td>87</td>
</tr>
</tbody>
</table>

It is clear that when looking at high population levels, we need a relatively smaller sample
of respondents. Also, the higher the confidence levels, the relatively larger the sample sizes. Most researchers prefer not to go below a 90% confidence level, although some do use 80 or 85%.

Although high confidence levels are important, it is not worth having a very high confidence level unless the data collected in the first place is very precise. Given that the data we are collecting we do not need to have a particularly high confidence level in our sampling (80% would probably be acceptable, although 90% would be better).

- Determine Sampling Method

Once you have determined how many businesses to survey (sample size), how should they be selected? The sample should be random, for example you could interview every third business, or you could make a list of the businesses and select every third on the list. Businesses should not be selected because the respondents are articulate, keep good records, or have other characteristics that make them an attractive interviewee.

C. Timing of Survey and Interviews

Timing/scheduling of the interviews may have impact on refusal, response rate, and the accuracy of questions answered. It is, therefore, necessary to schedule interviews in a way that maximizes the quality of the data collected. Scheduling of interviews must be driven by convenience for the respondent, not for the interviewer. Some considerations for scheduling:

- try off-peak operating hours for the business
- times when owner/manager is likely to be present
- consideration for holidays, religious days, peak work days, etc.
- seasonal consideration

A second timing issue relates to the time spent during the interview. By the start of the actual survey an average interview time will have been established. If one is much faster, s/he may be rushing things and this could contribute to response and recording error. Conversely, if the interview takes much longer than the average this may also be problematic and indicate belaboring of questions and excessive prompting – which could also contribute to survey error. An average survey time will be determined during the Survey Preparation phase. Enumerators should be aware of the average survey and stick to that timeframe.

D. Survey Personnel and Their Roles

Survey Manager-

The survey manage (probably the DW Coordinator) should be someone who has been involved with the design and preparation of the survey. S/he should have intimate knowledge of all aspects of the survey tools and methodology. The manager will be overall responsible for the enumerators and will have two main tasks of, 1) monitoring the survey process, and 2) checking results for accuracy. In doing this s/he will carry out the following subtasks:

- Be involved with training of the enumerators
- Work directly with enumerators during first 1 or 2 interviews
- Constantly monitor problems in the field
- Collect completed interviews on a daily basis
Record work accomplished by each enumerator in a daily log
- Keep running totals of interviews to determine if we are on track for on time completion
- Provide assistance to enumerators as needed
- Treat enumerator’s errors seriously, but not in a negative way
- Motivate enumerators by positive reinforcement

Enumerators-

The enumerator is the communication link between the questionnaire (and its designers) and the respondent. They, therefore, can have a significant effect on the reliability and validity of a survey’s results. Enumerators can, and do, influence the sample of those who agree to be interviewed, and how respondents answer the questions. The interviewer can increase the probability of error if s/he:

- Doesn’t read the questions as written
- Inappropriately prompts and probes in a directive manner
- Biases answers by the way s/he relates to the respondent
- Records answers incorrectly

Therefore, it is very important that enumerators carry out standardized interviews with a high degree of integrity (after receiving the required training. The key is that the enumerator conduct every interview in the prescribed, standardized manner – thus lessening the possibility of error. Enumerators should not interviewer entrepreneurs who they know, but rather entrepreneurs that may be unknown to them.
DWA-SLP

Business Development Services

Subsector Survey Questionnaire

Control # _____
Subsector _____

Respondent: Owner/Manager- Male/Female
Location: ____________________
Type of Business: _____________

Date: __________
Enumerator: __________
Time in Business: ______

MARKET

To whom do you sell your products/goods
How do you determine the cost?
Who is your competition? Who/Where?
What could you do to increase your market size?
What are the major constraints related to Markets for your business?

What are the major opportunities related to the Markets for your business?

INPUTS

What raw materials do you use?
Where do you get the raw materials?
Are they made in Angola or imported? If imported – do you know of similar materials that are made in Angola?

What are the major constraints and opportunities?

TECHNOLOGY

What major technical skills are you using in the business?
Where did you acquire the skill?
What new skills would you need to improve your business?
What tools/equipment do you use in your business?
Is there equipment, that you know of, that would improve the operations of your business? If yes, explain.

MANAGEMENT/ORGANIZATION

Do you manage all aspects of your business? If no, who manages what?
What are the major challenges in managing your business?
What can you do to better manage your business?
Have you ever received any management training? If yes: what, when, where, results?

2 Circle appropriate response
3 Manufacturing, Service, Retailing, Supplier, Other (explain)
Do you belong to any business associations, or NGO, or other groups?
If yes, explain.

POLICY/REGULATIONS

Do you know of any civil policy or regulations that is beneficial to businesses like yours? If yes, explain.
Do you know of civil policy or regulations that is not beneficial to businesses like yours? If yes, explain.
What policy do you think is needed to assist in the stability and growth of businesses like yours?

FINANCE

A. What are the main issues related to finance that your business faces?
B. How do you deal with the impact of inflation on your business?
C. If your business needs funding where do you get the funds?
D. Do you have access to supplier’s credit?

INFRASTRUCTURE

A. Does your business face problems related to things like: electricity, water, transport, telephone/FAX, etc.? Explain
B. What can be done to address the above mentioned problems?

GENERAL

A. Are you aware of any organizations that assist businesses like yours?
B. Overall, what would you say are the major problems you face in running your business?
C. Would you consider collaborating with others in things like purchasing and selling?
D. Are there other issues, positive or negative, that affect your business other than what we have already discussed?
E. Other relevant information.

Workshop with Subsector Representatives

A workshop with subsector representatives is designed to review the subsector analysis and propose interventions to address constraints and opportunities):

identify participants and in invite them to the workshop
participate in the workshop by:
validation of findings Survey, map and Constraints and Opportunities encourage participants to proposed interventions related to the Constraints based on workshop results, complete the intervention matrix above by filling in the proposed intervention column and rectifying any errors found in the constraints and opportunity column. Also revise the subsector map as necessary.

_DWA-SLP Business Development Services_
WORKSHOP WITH SUBSECTOR REPRESENTATIVES

FACILITATORS’ GUIDE
**Workshop Program/Schedule**

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<tr>
<th>Time</th>
<th>Session</th>
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<tr>
<td>8:30</td>
<td>Introduction / Goals of the Workshop</td>
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<tr>
<td>9:15</td>
<td>Session I - Introduction to Subsector Analysis</td>
</tr>
<tr>
<td>10:15</td>
<td>Tea Break</td>
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<tr>
<td>10:30</td>
<td>Session II - Review of Subsector Maps</td>
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<td>Session III - Review of Constraints and Opportunities</td>
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<td>13:00</td>
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<td>Session IV - Principles for Intervention Design</td>
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<td>14:45</td>
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<tr>
<td>15:30</td>
<td>Session V (continued) - Identification of Interventions</td>
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<tr>
<td>16:25</td>
<td>Session VI - Next Steps / Closing</td>
</tr>
</tbody>
</table>
Introductions/ Goals of the Workshop

Time: 45 minutes

Steps

Step 1. Introduction – the facilitator will introduce DWA and the SLP program and will explain the plans for augmenting the microfinance program with BDS. The DWA-SLP BDS Team will be introduced. (10 min)

Step 2. Ice breaker - the facilitator explains that to begin the workshop, an exercise will be conducted to introduce the participants and the facilitators. He/she asks each participant to take five minutes and to interview the person sitting next to them. They should ask the person their name, occupation, organizational or business, and something interesting about their hobbies, family life or experience. The participants then switch roles. Once the interviews are complete each participant is asked to present the person they interviewed (about 30 second each) to the plenary group. The BDS Team can also participate in this exercise (15 min)

Step 3. The facilitator asks participants to complete name cards with their name and company/organization. (2 min)

Step 4. The facilitator presents the workshop goals on flip chart prepared in advance. He/she asks participants if these goals correspond with their expectations, and whether they have any questions or comments (5 min)

Step 5. The facilitator asks participants to refer to the workshop schedule that they have been given. He/she reads through it and asks participants if they have any questions or comments. He/she then explains certain logistical issues (tea breaks, smoking areas, lunch, importance of punctuality, etc.) putting emphasis on the need to stick to the objectives as well as the need to respect everyone’s opinion. (3 min)

Step 6. The facilitator presents the subsector work completed to date, the strategy for subsector development, and how the workshop fits into that strategy. He/she explains that DWA is not in a position to make commitment at this time but will do its best to follow-up on recommendations made during the workshop. (10 min)

Preparation and Materials

For the introduction: workshop goals on flip chart, flip chart listing subsector work done to date / strategy for subsector development, copies of workshop schedule for each participant, folder for each participant (with pen and paper), name cards.

For all sessions: two flip chart stands, flip chart paper, 8 markers (blue, black, red), adhesive tape for taping flip chart paper to the walls.

WORKSHOP GOALS

Participants will:
- review research and findings from DWA-SLP BDS Team
- rectify research and findings information as necessary, and
- propose interventions that will help improve economic activity and micro/small enterprise development in the chosen subsectors
Session I. Introduction to Subsector Analysis

Objectives:
The participants will be able to:
define the term “subsector” and “trade group”
describe the importance of conducting a subsector analysis

Time: 60 minutes

Steps:

Step 1. The facilitator asks participants (FAP) “what is a subsector”? He/she listens to the responses and then presents a definition prepared in advance on flip chart. (10 min)

Definition: A network of enterprises (small and large) that are linked to a common product and who participate in: supplying or producing raw materials; providing particular services to consumers; transforming raw materials into finished products; distributing finished products

Step 2. Within each subsector there are different actors or “trade groups”. What do we mean by a trade group? He/she listens to the responses and then presents a definition prepared in advance on flip chart (10 min)

Definition: A trade group can be defined as enterprises that share the same economic activity. Within the fruit juice subsector, for example, one can find distinct trade groups that supply raw materials, produce the juice, carry out wholesaling, retailing, etc. In a service industry, there are trade groups providing different services to the consumer what when combined constitute a package of services within that industry. (explain until it is clear to all – 10 min)

Step 3. The FAP “why is it important to conduct an analysis of a subsector before beginning a program for micro/small enterprises (producers, processors, wholesalers, retailers, etc.)?” He/she listens to the responses and adds as necessary. (15 min)

Expected Responses:
to get a global view of all activities of the subsector
in order to understand the economic environment in which micro/small enterprises are operating and to identify the constraints and opportunities that confront them
to identify interventions that can have an impact on a large number of enterprises
to develop “cost effective” programs that will have big impact in relation to its cost to prepare a properly thought out intervention strategy and to promote it with authority

Note: The facilitator adds that: “one cannot understand the constraints and opportunities facing small enterprises, or develop programs and policies that promote their growth, if one limits their analysis to micro/small, individual enterprises. We also need to examine the medium and large enterprises that compete with them, use their services, distribute inputs, and/or market their production and services” He/she illustrates this point with an example (Angola or elsewhere).

Step 4. Discuss further the concept of subsectors giving some examples. Make certain that all participants are clear regarding the term and its implications. Give some examples and answer any questions that participants may have. (15 min.)

Preparation and Materials: Objectives on flip chart, definition of "subsector" and “trade group” on flip chart
Session II. Review of subsector maps

**Objective:** Participants will:
be able to describe the subsector map and its usefulness
review maps developed by the DWA-SLP BDS Team for the chosen subsector and revise as necessary

**Time:** 60 minutes

**Steps:**

Step 1. The facilitator explains that part of conducting a subsector analysis involves the development of a "subsector map", and that the objective of the map is to summarize the researcher's initial understanding of the subsector's organization. He/she presents an example of a simplified subsector map on overhead or flip chart (expl. Egypt - wood furniture). (10 min)

Step 2. During the presentation of the example subsector map, the facilitator explains that it is important to identify the different "distribution channels" that exist within a subsector (he/she refers to the distribution channels on the example subsector map). He/she presents the definition of a distribution channel on flip chart prepared in advance. (10 min)

Definition: In manufacturing, a distribution channel is a vertically integrated chain of enterprises that transforms raw materials and distributes them to consumers in the form of final products. In a service industry it is a network of enterprises that provides a particular package of services to the consumer.

Step 3. The FAP to describe the usefulness of subsector maps in promoting the development of the sector. He/she listens to the responses and adds as necessary. (10 min)

Expected Responses:
allows one to grasp the "global picture" of the subsector
allows one to visualize where major constraints are
allows one to identify where interventions need to take place
allows for a shared mental view of the subsector

Step 4. The facilitator explains that DWA-SLP has developed a map for the chosen subsector, and that the objective of the rest of this session is to review the map to make sure that it is accurate (understanding that some channels are very small and might not be included).

**DIVIDE INTO GROUPS IF MORE THAN ONE SUBSECTOR IN WORKSHOP**

Step 5. The sub-group facilitator distributes a copy of the map (of appropriate subsector) to each participant and then shows the map on a flip chart. The subgroup facilitator presents the map and solicits comments from the participants. These comments are noted by the facilitator and changes will be made to map as participants deem necessary. (30 min)

Note: The facilitator explains to participants that they were invited to the workshop so that they could present the realities of a key actor or trade group in the subsector. Everyone’s point of view is therefore important and should be expressed.

**Preparation and Materials:** Copies of simplified subsector map (for appropriate subsector) for each participant, subsector map on flipchart, example subsector map on flipchart (Egypt wood furniture).
Session III. Review of Constraints and Opportunities

**PARTICIPANTS WILL RETURN TO PLENARY**

**Objective:** Participants will review and validate constraints and opportunities identified by the BDS Team for the chosen subsector and revise as necessary

**Time:** 1 hour 30 min

**Steps:**

Step 1. The facilitator explains that DWA-SLP BDS Team has identified a variety of constraints and opportunities in the subsectors they have researched. The facilitator presents an example of an intervention matrix (where these constraints are listed) on a flipchart. He/she refers to the 7 categories of constraints/opportunities. Questions will be answered. (20-30 min)

**RETURN TO SMALL GROUPS**

Step 2. The facilitator explains that the objective of this session is to review and validate the list of constraints/opportunities developed for the subsector and to revise it as necessary (he/she explains that if new constraints are proposed they should be accepted w/o a lot of discussion). The facilitator distributes a copy of the "intervention matrix" to each participant. These are reviewed and the facilitator notes any comments or suggestions made by the participants. (60-70 min)

**Preparation and Materials:** Objectives on flip chart, copies of intervention matrix for the subsector with list of constraints / opportunities according to predetermined categories (see example of intervention matrix)
Session IV. Principles for Intervention Design

RETURN TO PLENARY

**Objective:** Participants will be able to describe key principles for carrying out subsector interventions.

**Time:** 45 minutes

**Steps:**

Step 1. The facilitator explains that there are many ways that an NGO, association, or other organization can intervene in order to address constraints and opportunities within a subsector, and that there are certain techniques and principles that have proven to be successful. He/she explains that the objective of this session will be to review some of the cross cutting principles for interventions that have proven to be effective in the past. This will prepare the participants to identify interventions for their own subsectors. (20 min)

Step 2. The facilitator presents each of the principles and leads a “question/answer” discussion to elaborate on each one (keeping in mind the time allocated to this step). Discussion will include different techniques and examples of interventions in other countries. At the end of the step he/she distributes a copy of “examples of BDS best practices / interventions”. (25 min)

**Preparations and Materials** - objectives on flip chart, copies of intervention principles for each participant
Session V. Identification of Interventions

Objective: Participants will:

- identify potential interventions that would help alleviate identified constraints and opportunities in their subsector.
- identify organizations or companies (including their own) that could participate as partners in the implementation of suggested interventions.

Time: 1 hours 25 minutes

Steps

Step 1. The facilitator summarizes the work that has taken place so far in the workshop and explains that this next session will address the primary goal of identifying interventions that will help alleviate constraints and/or take advantage of opportunities in the subsector. (5 min)

Step 2. The facilitator presents the subsector intervention matrix (on flip chart) and explains that the objective of the session will be to fill in the column "possible interventions". He/she emphasizes that:

- proposed interventions should be practical and feasible
- participants should try to identify organizations or individuals who could take the responsibility for the implementation of any given intervention
- participants should refrain from listing the "government" as an implementing organization, unless there is a specific agency with the mandate, operational flexibility and funding necessary to carry out the proposed intervention.
- only cost effective and sustainable interventions should be suggested (interventions requiring long term subsidies, charity, or hand-outs are to be discouraged)
- (10 min)

BREAK INTO SUBSECTOR GROUPS

Step 3. The facilitator asks participants to refer to the intervention matrix for their subsector and to identify interventions that could help address the constraints and opportunities in the matrix (along with proposed implementing organizations). The facilitator writes the results on the flip chart. The facilitator works with the group and introduces, if necessary, additional intervention ideas that the DWA-SLP BDS team has identified. (2 hours)

Preparations and Material - objectives on flip chart, intervention matrices for the subsector (preferably with the modifications from the previous sessions)
Session VI. Next Steps / Closing

RETURN TO PLENARY

Objective: Participants will be able to describe the next steps in the DWA-SLP strategy of subsector development

Time: 5-10 minutes

Steps

Step 1. The facilitator summarizes the work that has taken place so far in the workshop and explains that DWA-SLP plans to move forward with the ideas that have been evoked (without making any commitment at this time). The facilitator explains the strategy for doing this. (3 min)

Step 2. The facilitator explains that after a subsector analysis exercise, that there is inevitably a need for further information gathering relative to the interventions that have been proposed. He/she explains that it might be necessary to follow-up intervention ideas with specific organizations or companies after the workshop. (1 min)

Step 3. The facilitator explains that the workshop has now been completed and congratulates the participants for their work, emphasizing the contribution they are making to the subsectors by taking their time to come to the workshop. (2 min)
The Concept of **Leverage** in Intervention Planning

Definition: Interventions with a leveraged effect are those that influence a large number of enterprises with a relatively small investment of time and resources.

The FAP "where can leveraged interventions be identified?" He/she listens to the responses and then presents the following on flip chart (prepared in advance):

Sources of Leverage

1. large firms that supply inputs or market access to many small firms
2. clusters of enterprises - allowing you to work with numerous small firms at a given location (trade associations, etc.)
3. policy constraints that affect many enterprises

Gives several examples of leverage from other subsector programs (ex. Haiti input supply company, Ghana cassava chip marketing company). Facilitator emphasizes that market linkages generally provide leverage potential and also create win-win scenarios between small and large firms. He/she develops the concept of win-win with some examples, and emphasizes that large buyers, suppliers, and traders in general should not automatically be looked on as the bad guys.

The FAP "why is it useful to identify interventions with a leveraged effect?" The facilitator listens to the responses and adds as necessary.

Expected Responses:

- they provide a greater impact than interventions that are provided to individual enterprises
- they reduce the "per enterprise" cost of the program

The point is made that in the current climate of donor assistance, it is becoming more and more important to identify cost effective interventions.

Facilitator explains that once the key interventions have been chosen, the support organization can proceed with any additional research that might be required, as well the development of a more detailed concept paper for program implementation. This can then be used to move forward with implementation or to prepare a funding proposal.

**Defining Best Practices**

The aim of donor support for BDS is to improve the performance of MSEs by responding to their operational needs. Although the provision of such support normally has its roots in economic and/or social concerns, its objective is an enhanced business development process in terms of more start ups, better survival and faster growth. Good practice in BDS delivery therefore has to be seen against this overall objective. But BDS is still a relatively undeveloped field and caution is therefore required in identifying 'good' or even 'best' practice.

**What is meant by good practice in BDS delivery?**

Good practice in the field of BDS refers to approaches that deliver the most beneficial outcomes. It can be defined in terms of both the impact of BDS programmes on their clients and the performance of the programmes in achieving their objectives. In this context, impact refers to changes in capacity and performance at four levels: the individual enterprise; meso-level
institutions; broader changes in society, especially at the household level; and macro-level changes in the policy and regulatory environment.

**Performance criteria for BDS services include:**

- **Impact**, in terms of the numbers of individuals, enterprises and organizations reached by an intervention;
- **Efficiency**, which refers to the cost and rate at which inputs are converted to outputs, although it should be emphasized that ‘efficiency’ in itself is not an indicator of the impact of an intervention;
- **Effectiveness** in achieving the various objectives of BDS interventions, which often means the extent to which they are relevant to development goals, including a comparison of impact with cost; and
- **Sustainability**, which can be considered in terms of both the extent to which the service provided can be financed through client fees, and the degree of durability of the resulting changes in MSEs and at other levels.

All of these criteria relate to certain aspects of BDS performance. However, there are very few interventions for which it is possible to measure performance in relation to all these criteria. Moreover, there are potential conflicts between some of these criteria. Broad outreach may be achieved at the expense of impact in terms of business development. A high level of financial sustainability may be to the detriment of outreach, especially among more disadvantaged groups.

Although specific indicators of performance and impact (effectiveness) depend on the particular intervention, a number of generic indicators may be singled out, with the proviso that they can never be comprehensive, are interlinked and may overlap. They are also particularly difficult to identify at certain levels, such as the meso level. Indicators of **outreach** at the various levels would include the numbers of workers, enterprises, institutions, households and policy-makers affected. **Efficiency** can be indicated by the cost per unit (workers, enterprises, institutions, households or organizations) reached, as well as by such measures as the dropout rate and the number of clients served in a particular target group, such as women. Indications of **sustainability** may be sought in a continued improvement in the performance of the enterprises or institutions concerned, the continued existence of jobs and businesses after a specific period, the durability and improved implementation of policies and regulations, and the sustainable capacity and continued ability to deliver and develop effective services of meso-level institutions.

Important (unsolved) issues for sustainability include: cost recovery when clients may not perceive the benefits or realise them with certainty; and the possible justification for long-term subsidization of certain BDS services in terms of overcoming market imperfections, externalities of training and technology development, and equitable access by disadvantaged groups.

**Assessing good practice**

Evaluation of MSE development programmes has emerged as a major and complex area of study in its own right in recent years. Experience has highlighted a number of key points, including the following:

- **The need for a sound monitoring system** based on regular information on costs, clients, fee payments and feedback on service delivery and usefulness;
- **Before and after comparison** of the situation of clients, often through client evaluation;
- **The convergence of evaluation with needs assessment and forward planning** (rather than ‘traditional’ one-off evaluation focusing only on impact), in which importance is given to the acid test of the continued willingness of clients to pay for the services delivered;
- **Sound preparation**, especially when using external evaluators, with the drawing up of terms of reference in consultation with the various stakeholders to prevent evaluation being unrealistic or wrongly focused;
the adoption of a realistic approach to information collection, with evaluators adopting a variety of strategies to avoid trying to obtain information that clients either genuinely do not know or may be reluctant to divulge;

whether evaluation is internal or external, with internal evaluations offering advantages such as familiarity, lower cost and empathy with clients, and external evaluations possibly being more objective and sophisticated - a combination of both may provide a useful balance of strengths;

evaluation undertaken with rather than on BDS staff and clients so that they believe in the conclusions of the evaluation exercise;

inclusion of costs as well as benefits in performance analysis, which has not always been the case in the past;

a combination of rigour and practicality in the methodologies adopted, which should normally include a range of techniques, such as surveys, case studies, rapid assessment techniques, key informants, critical incident analysis and group discussions; and finally

evaluation should not be too expensive and in general should not account for more than 10% of the total budget of the project, and considerably less in major interventions.

Although there may be clear general criteria for the evaluation of BDS interventions, evaluation is by no means a precise science and there are a number of fundamental methodological issues which raise great difficulties in BDS evaluation.

3. Cross-cutting Principles

In developing well-planned and relevant interventions one must consider those things that are, according to current thinking, necessary to ensure Best Practice. The following presents some principles that should be considered when designing and developing intervention plans. All principles may not be applicable to all interventions, nevertheless they should all be considered.

Sustainability

There seems to be no consensus as to the specific meaning of sustainability at the level of BDS providers. In considering how the sustainability principle should be applied, BDS providers should support interventions that offer suggestions and planning for sustainability, for example through their involvement in the commercialization of services. Interventions should therefore be planned with a realistic end to donor’s involvement. Interventions that, are not finite need to have a clear rationale and a realistic strategy for long-term support.

Must meet a market test

Recent BDS history has provided a number of intervention programs that were, clearly, developed without regard for a market. This has probably been most prevalent in the areas of technology and training in general. There have been reports of large sums of money being spent on the research, development and manufacturing of new technologies only to find that there was no market for the ultimate product. In the same vein, various types of training have been imposed on entrepreneurs without regard for real need. BDS providers must take the steps to ensure that the intervention represents a relevant, substantiated need for the recipients.

Business-like and demand-led

Current thinking and experience show that a fundamental principle which can decisively shape BDS interventions is that the BDS organizations that are best at supporting MSEs are themselves like those MSEs in terms of their personnel, systems and values. Nevertheless, adopting a business-like and demand-led approach relates only to the manner in which objectives are pursued, and does not therefore require the abandonment or dilution of social objectives. In practice, the pursuance of this principle implies:
• **for donors**: selecting partner organizations that are able to deliver services in a business-like manner; developing BDS organizations with the vision, motivation and attitudes which reflect a commitment to a business-like approach; encouraging BDS organizations and individuals to develop ownership and responsibility for their work.

• **for BDS organizations**: regarding beneficiaries of BDS instruments as clients, rather than program beneficiaries; developing transactional relationships with clients (based on exchange, not charity); developing a sound understanding of the needs and situation of clients; regarding BDS interventions as products and adopting a rigorous approach to their measurement in terms of both cost effectiveness and ability to meet objectives.

**Tailoring**
In view of the complex and variable environments in which MSEs operate, it is essential that BDS interventions clearly identify what it is trying to do and with whom. In this sense, ‘tailoring’ an intervention means making it specific and relevant. The tailored approach has been dominated in recent years by the increased use of subsector analysis, in accordance with how MSEs are analyzed in terms of the specific economic characteristics of their subsector. However, a subsector approach does not preclude socio-economic targeting. Indeed, there are a good number of examples of specific groups, such as women, being represented in interventions developed on the basis of a subsector approach.

**Participatory approaches**
A participatory approach to the planning of BDS interventions offers the advantages of: a better understanding of MSE needs; greater ownership of the intervention by BDS personnel, clients and participating organizations; and the increased possibility of longer-term sustainability. In practice, emphasis on a participatory approach has questioned the value of some ‘traditional’ social science approaches, such as large surveys, in favour of more rapid methods that are more integrated with action.

**Leverage**
The term leverage is a subsector term that relates to the need to maximize the impact of BDS interventions. Oftentimes some relatively small and focused inputs can have a considerable impact on a whole subsector. This is particularly true in the case of policy interventions where one stroke of the pen can have positive affects on thousands of entrepreneurs. The BDS provider must investigate ways in which the intervention can have the best impact while maintaining other principles mentioned here.

**Building on demonstrated initiative**
If BDS interventions are to be both sustainable and locally owned, they have to build on what is already there rather than supplanting it with imported visions or models. This means that they have to respect the vision of individuals and their close personal involvement with their ‘organizations’. The scale of resource commitment, particularly in terms of finance and equipment, has to reflect the capacity of local partners so as to support, rather than overload their development. And private sector experiences in fields such as vocational learning should be assessed and used as models, in much the same way that the microfinance ‘revolution’ was based on learning from the practices of informal credit schemes.

**Program integration/environment**
At the risk of re-inventing the wheel, BDS providers must assure that they are aware of the workings of others in the field, and that they can capitalize on the teeming relationships as
appropriate. Three approaches can be considered to prevent BDS interventions from creating redundant efforts in the MSE development environment:

- **coordination between donors**: the existence of other donor-supported BDS initiatives in neighbouring areas is only problematic if their methods of work are in conflict, for example with regards to charging (or not charging) of fees for particular services. Liaison between donors with regard to their activities and consensus over the methods adopted is therefore important;
- **networks between different providers**: just as MSEs sometimes need to collaborate for their mutual benefit, the interests of BDS organizations may be served by common action since, despite the overt or other competition that may exist between them, they need to retain a wider view of their clients overall needs;
- **partnering/subcontracting arrangements**: the signs of nascent relationships between, for example, generalist development organizations and specialist BDS providers are a positive indication and offer considerable benefits of focus and specialization, while maintaining a wider perspective.

**CATEGORIES OF INTERVENTIONS**

**BDS :Menu" Items**

The following is a list of possible BDS have been used in the field. The list is not exhaustive and illustrates an on-going attempt at developing a comprehensive list of BDS.

**MARKETING**

- New marketing business
- Marketing linkages through associations/cooperatives
- Market linkages through private intermediaries
- Creating new types of markets (fulfilling demand)
- Trade fairs and networking events
- Development of samples for potential buyers
- Market information services (incl. information on pricing and buyers)
- Subcontracting and outsourcing
- Market research
- Market space development
- Advertising and public media
- Product demonstration and other promotional support

**INPUTS**

- Work with suppliers to ensure sustainability of input supply, increased quality, or reduced input cost through efficiencies in production or materials substitution
- Direct sales of inputs to enterprises
- Facilitate bulk purchases of inputs for enterprises
- Provide information on input supply sources
- Improve quality of inputs by training suppliers

**TECHNOLOGY AND PRODUCT DEVELOPMENT**

- Research on alternative raw materials or energy sources
- Research to develop or improve products
- Research and development to improve production processes
- Field testing of new production processes
- Assess demand (and appropriateness) for new production processes
- Technology transfer/commercialization
Assist in technology procurement
Help enterprises develop quality assurance programs
Mobilize donations of new or used equipment
Improve product packaging and storage

MANAGEMENT/ORGANIZATION

Provide training directly to entrepreneurs or workers
Training of trainers/consultants
Develop the market for private suppliers of training and technical or managerial assistance
Institutional capacity building for local NGOs
Consulting or extension services for groups or individuals
Increase access to existing sources of training and technical assistance or management assistance through the use of vouchers
Build lateral learning networks
Encourage mentoring relationships and use of volunteers services
Assist in the preparation of feasibility studies and business plans
Establish or improve systems for accounting, financial controls, and management information
Exchange visits
Support apprenticeship programs and applied vocational education opportunities

INFRASTRUCTURE

Establish or improve common storage facilities for inputs or products
Develop improved physical market space
Facilitate joint transportation services for inputs or product
Develop common site facilities or industrial estates

POLICY/REGULATION

Analysis and communication of policy constraints and opportunities
Direct policy advocacy on behalf of microenterprises
Organize and train groups of microentrepreneurs do their own policy advocacy
Sponsorship of meeting to bring together entrepreneurs, government officials, NGOs, suppliers etc., to discuss policy issues
Prepare subsector studies for donors, NGOs, or government agencies working with or interested in a specific types of microenterprise

FINANCING

Encourage supplier credit
Development of informal revolving savings and credit associations (tontines)
Work with banks to develop special programs for MSEs
Encourage and mobilize local savings through credit unions
Expand or create factoring companies that provide working capital for confirmed orders

The following presents examples of interventions related to the seven categories that have been mentioned previously. It is felt that all possible interventions can be included in the seven categories, and that there may be some overlap.
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<th>TECHNOLOGY / PRODUCT DEVELOPMENT</th>
<th>Examples</th>
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<tr>
<td>Introduction of new technology into market through development of sustainable network of manufacturers, distributors, repair people, etc. / Need to ensure adequate demand.</td>
<td>Treadle pump (Angola, Senegal, Kenya, Tanzania, etc.) / Ram press for seed oils (Kenya, many other) / Ceramic stoves</td>
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<tr>
<td>Technical skills upgrading (needs to be targeted to specific skill and needs of specific buyer in the market)</td>
<td>Furniture makers (Egypt)/ Various (Swaziland)</td>
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<tr>
<td>Increase accessibility of existing tools/machinery/etc. - develop specialized business plan models for needed tools/machinery/services and facilitate completion of them by MSEs / then facilitate access to financing sources (must make sure that targeted tools/ machines are already locally produced, distributed, and serviced - if not, then need to introduce into the market as described above)</td>
<td>INSOTEC in Ecuador (support organization addressed sector constraints by facilitating development of for-profit enterprises providing machining services and other technologies to MSEs) - Senegal Financial Management Project (ice cream machines for convenience stores, industrial sewing machines for garment makers, improved baking shelves for bakeries)</td>
</tr>
<tr>
<td>Demand-led product development (new product or modified product is introduced by outside buyer who then purchases final product / support techniques include identification and partial subsidy of regional/intl. buyers to explore opportunities for local suppliers to meet demands of large buyers / differs from supply led model whereby goods are produced and efforts are made to market them)</td>
<td>Production of modernized traditional furniture in Egypt led by European buyers / production of cut metal designs in Haiti for use by US futon bed producer</td>
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<tr>
<td>Demand Driven</td>
</tr>
<tr>
<td>Foster linkages between large scale buyers and small scale producers (includes outsourcing / marketing plans for buyers / facilitating workshops that bring together buyers + sellers / could be starting point or end result of effort (depending on capacity level of suppliers and/or mentoring capacity of buyers)</td>
</tr>
<tr>
<td>Establish a marketing organization (could be NGO, association, etc.)</td>
</tr>
</tbody>
</table>
intermediary between artisans + intl. buyers / ASOMEX (Bolivian marketing company dealing in beans, blue jeans, and furniture produced by artisans)

<table>
<thead>
<tr>
<th>Promotion of Outgrowing Organizations / Contract Farming (services to MSE include: provision of inputs, production packages, credit, technical advice, information, packaging, collection, marketing, etc.)</th>
<th>Cheetah Ltd Zambia (supports outgrowing organizations to produce paprika for sale to Europe) / Riverside Development Agency, Zambia (NGO that runs self supporting outgrowing organization for approx 1000 producers + promotes spin off outgrowing organizations / various cotton schemes in West Africa)</th>
</tr>
</thead>
</table>

**Supply Driven**

<table>
<thead>
<tr>
<th>Improve marketing techniques (trade fairs, information trips, information dissemination programs - could provide 50% co-financing for participation in intl. events / assist with booth production / develop show rooms, exhibition spaces / develop marketing plans / product development, etc.)</th>
<th>Botswana / Egypt / AFE work with artisans in Niger / Export Support Board in Indonesia / Kenya Export Development Fund</th>
</tr>
</thead>
</table>

**ORGANIZATION / MANAGEMENT**

<table>
<thead>
<tr>
<th>Promotion of voucher training program whereby support organization offers vouchers to MSEs covering 50% of training costs for participation in courses offered by certified training institutions (who are also eligible for institutional support). Program is demand driven</th>
<th>Paraguay Voucher Training Program / Similar scheme in Kenya</th>
</tr>
</thead>
<tbody>
<tr>
<td>Develop trade group specific training modules (target MSEs w/high potential for growth and/or larger MSEs - refer to micro-finance institutions for best clients in given subsector / should do business plan to determine cost recovery / best to conduct in conjunction with market linkage program</td>
<td>Senegal financial management project (tailors, bakeries, medical offices, convenience stores, poultry farms)</td>
</tr>
<tr>
<td>Organization of producers/suppliers in trade specific associations to gain economies of scale (for marketing, procurement, information, technical training, etc.)</td>
<td>Egypt handicrafts / Senegal financial managemen project (tailors, bakeries, medical offices, convenience stores, poultry farms)</td>
</tr>
</tbody>
</table>

**POLICY/ADVOCACY**

<table>
<thead>
<tr>
<th>Develop policy work groups (give them a budget - they identify issues, develop SOW for research, hire consultant(s) to carry out research/studies, monitor/participate in research, develop message - group members then lobby for policy change - all this is done with strong facilitation role from support organization</th>
<th>BPED project in Botswana (foreign exchange liberalization, customs reform, establishment of offshore financial services center, regulations of international companies, etc.)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Support organization fosters development of coalition group composed of private sector, government, university experts, donors, parliament members, etc. to conduct research and</td>
<td>Seed oil prices in Kenya (succeeded in eliminating fixed price for seed oils thereby allowing creation of small</td>
</tr>
<tr>
<td><strong>lobby for policy reform</strong></td>
<td>scale enterprise) / liberalization of flour imports in Senegal</td>
</tr>
<tr>
<td>---------------------------</td>
<td>-----------------------------------------------------------</td>
</tr>
<tr>
<td><strong>FINANCE</strong></td>
<td></td>
</tr>
<tr>
<td>Promote supplier credit (pos or neg)</td>
<td></td>
</tr>
<tr>
<td>Invoice financing / factoring companies (receivables become collateral for finance institutions)</td>
<td>Swaziland, South Africa metal workers</td>
</tr>
<tr>
<td>Innovative arrangements (i.e. buyer of product withholds interest and principle as necessary to reimburse financial institution for loan(s) made to supplier)</td>
<td>Cassava chips - Ghana</td>
</tr>
<tr>
<td><strong>PROCUREMENT OF RAW MATERIALS</strong></td>
<td></td>
</tr>
<tr>
<td>Establish a procurement organization (private sector or NGO as necessary) Must be sustainable / must not distort local market or create unfair competition with existing suppliers / need to do business plan or promote business plan development / promote business plan models for specific supply needs</td>
<td>Retaso program in Philippines (support organization facilitated creation of procurement organization purchasing large quantities of fabric remnants for sale to MSEs) / Senegal Fin. Mgt. Project (facilitated procurement organization within bakers association to import yeast from U.S.)</td>
</tr>
<tr>
<td>Support development of existing suppliers: ex. demonstration plots to encourage sale of inputs / assist in expanding extension services / facilitate improved access to supply sources</td>
<td>Banana production in Haiti (work with input supplier to increase their capacity to do demonstration plots + extension)</td>
</tr>
<tr>
<td><strong>INFRASTRUCTURE DEVELOPMENT</strong></td>
<td></td>
</tr>
<tr>
<td>(mostly, though not always, for larger scale support programs, i.e. World Bank funded infrastructure development, etc.)</td>
<td></td>
</tr>
</tbody>
</table>
CONCEPT PAPERS FOR INTERVENTION DESIGNS

A standard format for the concept paper would contain the following elements:

- Executive Summary
- Statement of Need
- Intervention Description
- Budget
- Conclusion/Actions Pending
- Annex

The following pages present points for consideration related to the above areas. It will be very helpful for us if all concept papers can be similar in format - please make every attempt to do that.

Executive Summary

Many people believe that the Executive Summary is the most important section of any document of this sort. In this section, the writer provides the reader with a summarization of all that is to follow.

Why is the Executive Summary so important?

- In many instances, the Executive Summary is the only section that many readers actually read.
- If the Executive Summary peaks the interest of the reader, then they will continue on to other parts of the document.
- The Executive Summary not only summarizes all the main information, it also acts as a selling tool that is designed to convince the reader that the intervention should be strongly considered.

The Executive Summary should be well thought out and should contain the following elements:

- A brief statement of the constraint or opportunity that has been identified and that is to be addressed.
- A description of the intervention to include what will take place, how many people will benefit, where it will operate, and what personnel and other resources will be needed.
- A clear explanation of the amount of outside funding that will be required (not a full budget statement), and plans for future sustainability.
- A brief statement about the individuals/organizations to be involved with the intervention, and their capacity to carry out the proposed intervention.
It is both easier and most logical to write the Executive Summary after all other parts of the document have been completed. You can readily draw key points from your completed document to include in the Executive Summary. The Executive Summary should not exceed two pages.

**Statement of Constraint or Opportunity**

If the reader has found interest in your Executive Summary, your next task is to build on that interest and fully explain the constraint or opportunity that needs to be addressed. The Statement of Constraint or Opportunity allows the reader to learn more about the facts and evidence that supports the need for the intervention, and illustrates the fact that you understand fully the problems and have the capacity to address them. The information used to support your stated need can come from a variety of sources to include:

- Interviews undertaken with key informants from the subsector
- Workshop with subsector representatives
- Additional information you may have gathered

The description of the constraint or opportunity presented in the intervention matrix should be your starting point. Make sure your presentation is concise yet informative. You must structure it in a way that presents a logical argument that is convincing to the reader.

The task for the writer is to build a case for the proposed intervention. Why is the intervention necessary? How will it impact on job creation and increased revenues? The Statement of Constraint or Opportunity will substantiate a need for the activities of the intervention, to be fully explained in the next section, Intervention Description.

The following are some points to consider when developing your Statement of Constraint or Opportunity. They can be helpful in leading you through the process of developing a solid statement.

1. **Decide What Information Best Supports the Proposed Intervention** - be certain that your information is directly related to the proposed intervention and that it is as up to date as possible. Also, try not to be too general in presenting your information, strive for specific and relevant details. Be certain that information presented is accurate and verifiable.

2. **Present a Positive Picture** - the reader does not want to read about a situation that appears hopeless. It is, therefore, important that the problem be presented in a manner that gives hope for positive solutions. This should be done by logically presenting your case and not so much by emotional appeals.

3. **Be Creative** - be creative when expressing how your intervention addresses the constraint or opportunity. How might you approach the problem differently from others in the past. When relating to those who have attempted to address the need, do not be critical. It may be an opportunity to explain what you have learned from the work of others, and how that will impact on your solution to the problem.
4. **Participation** - It is important to describe the private sector actors in the subsector who are affected by the constraint or opportunity.

5. **Length of Statement** - the statement of need does not have to be long and complex. A concise well written short statement (2 to 4 pages) could be better at capturing the attention of the reader, then something longer and more drawn out.

**Description of Intervention**

The Description of Intervention must be an easy to read, concise presentation that includes some relevant and detailed information.

This is the section of your document where you explain the activities that will be undertaken to address the constraint or opportunity. The section can be divided into four subsections: 1) Objectives, 2) Methodology, 3) Personnel/Resources, and 4) Evaluation.

1 Objectives:

These are the **measurable** outcomes of the intervention. The objectives must be specific, concrete, measurable and achieved in a given period of time. There are at least four major types of objectives:

1. Behavioral - where a human action is anticipated EXPL: Twenty members of Trade Association X will receive skills upgrading for technology X and receive assessment scores of at least YY%.
2. Performance - a specific time frame within which change will occur at an expected level EXPL.: The intervention will impact on the productivity of a target group from subsector X, they will increase productivity by 20% in a period of six months.
3. Process - the manner in which something occurs is an end in itself. EXPL: Research into more appropriate technology.
4. Product - In which a tangible item results by a given time. EXPL. Procedures will be developed, to be used in the training of Associations to coordinate linkages between buyers and clusters of entrepreneurs.

You may be using one or more of these types of objectives depending on your intervention. Be realistic in setting objectives, don’t make promises that you can not deliver. Keep in mind, all stakeholders will want to see evidence that the objectives are being accomplished.

**Methodology**

In stating the objectives you have explained to the reader exactly what will be achieved by the intervention project. The methodology section will now describe the activities that will be undertaken to achieve those objectives. One simple way to view the methodology is to consider the: WHO, HOW, WHEN and WHY, WHERE.
Who - This will be covered in the next section personnel

How - This will detail all activities that occur from the time the intervention begins, until such time as it is completed. The methodology must accurately match the objectives previously presented.

When - This presents the order of timing for the activities and specific task. It is a good idea to create a detailed timetable that clearly presents all activities and corresponding timing.

Why - Here you will make a case for your chosen methodology explaining why the planned activities and tasks will lead to the anticipate outcomes.

Where - This explains the location and facilities related to activities of the intervention.

The methodology section must convince the reader that you understand the tasks ahead and, furthermore, that you can verbalize the best way to undertake implementation of those tasks.

Personnel/Resources

In describing the methodology you will probably have mentioned personnel to be utilized, now is the time to provide a bit more information about the people and their roles with the intervention. You should make certain that you explain who will be responsible for what task. It is useful to present brief statements about the people who will be involved, their qualifications and their proposed assigned tasks. If you feel the need to present more information, it would probably be best to include that in the Annex.

The main effort of this section is to make certain that the reader is very clear that there is someone responsible for all aspects of the proposed project. In a situation where the intervention involves more than one organization, it will be necessary to explain specific responsibilities of all involved.

This section will also detail all other resources needed to effectively carryout the stated activities.

Monitoring and Evaluation:

A plan for monitoring and evaluating the project should be part of the concept paper. The monitoring and evaluation plan tells the reader that you have taken your objectives seriously and want to know how well you have achieved them. On-going monitoring can provide information that can help the organization refine and improve the project’s activities. The monitoring and evaluation can measure the process of the activities, or the product or products of the activities. Depending on the activities of your intervention, you will decide which is more appropriate. An important aspect of this process is the identification of relevant indicators. The indicators will be used to measure levels of success for the activities of the intervention. These indicators can be categorized as follows; scale, outreach, impact, cost-effectiveness, and sustainability.

Budget
After the Executive Summary the budget section is usually the second most frequently read part of the entire proposal. Everyone is interested in what outside funds are needed, and how the money will be spent. It is, therefore, imperative that the budget presents a clear and accurate picture of the financial needs of the proposed intervention. The budget for your project may be as simple as a one-page statement of project expenses (probably most preferred). Or, the proposed project may require a more complex presentation, one that may contain more detailed project expense information, details of support from other sources, revenue, and/or notes explaining various items of the budget statement.

When developing budgets, try to be as cost effective as possible. It is very important to illustrate that your proposed program is making every attempt at cost efficiency through budgetary controls and tight expenditure policies. We are all interested in what the funds will accomplish and therefore want to see a results oriented, cost conscious approach to the intervention project design.

**Budget Creation in 6 Steps**

1. Make a list of all persons who will be involved with the proposed intervention (including consultants). This will be the first entry on the left side of the Budget Statement.

2. Calculate the money needed for each person in consideration of their level of effort. These salary amounts or fees will be entered across from the person’s titles on the right side of the budget statement. Provide a sub-total of Personnel Salaries or Fees.

3. Determine fringe benefits (if any) and the percentage cost as relates to the salary. The fringe benefits amount will be entered in the same section as the personnel as a subtotal for Fringe Benefits. The fringe benefits amounts plus the personnel amounts subtotal will be added together to provide a total for Personnel.

4. Determine all non-personnel costs. It may be a good idea to do this with others who may be involved with the proposed intervention, so as not to forget any expense details. List these in a new section with the category of expenses on the right and the amounts on the left. Provide a total for all non-personnel costs.

5. From totals above, determine the grand total of needed funding for the proposed intervention.

6. Provide needed explanations as footnotes to budget page or, if necessary, by creating and attaching a Budget Narrative Page.

**Conclusion/Pending Actions**

Every concept paper should have a concluding paragraph or two. This is another opportunity to further promote the proposed intervention and is also a good place to talk about the future and sustainability of the intervention and how the program will become less and less dependent on outside funding and coordination for its existence. The final appeal for this proposal should reiterate the need and explain, again, why the proposed implementing organization and other partners are in a good position to successfully address the identified constraint or opportunity. The conclusion should not be overextended but should provide some well thought-out messages to leave with the reader.
This will also be a good place to mention actions that are still pending and that need further attention. For example, feasibility studies, negotiations with those implicated in the intervention, or other tasks/research may be needed. The need for further actions should not impede the schedule of implementation, but may actually be part of the intervention=s implementation.

Annex

The Annex is a reference tool for the reader that provides documentation that may support your determination of the intervention=s need, or provide further information about something mention in the document.

What sort of documentation might be included in an Annex?

Information related to the subsector research to date
Additional information related to a point in the main document, that you feel is important enough to add
Intervention Matrix
Materials about the organizations that will be involved with the intervention.
List of personnel that may be involved with the intervention (e.g., consultants, trainers)
5. Considerations for Monitoring and Evaluation of Interventions

MICROENTERPRISE BEST PRACTICE PROJECT:
BUSINESS DEVELOPMENT SERVICES PERFORMANCE INDICATORS

1. **SCALE:** How many entrepreneurs and farmers have received the business development service? How many enterprises or other institutions have been strengthened to deliver those services? How many people received the service each year? Has the number of enterprises and farmers being served increased over time? Is a competitive market for service developing?

**Incentives for Practice:** To serve the entire market for the specific service (regardless of the size of the market). To facilitate the development of a competitive market for services.

Proposed Indicator (level):
- Cumulative number of entrepreneurs or farmers acquiring the service through commercial transactions (micro enterprise level)
- Cumulative number of entrepreneurs or farmers acquiring the service through commercial transactions per year of service provision (micro enterprise level)
- Cumulative number of enterprises providing business development services directly to entrepreneurs or farmers (provider level)
- Cumulative number of NGOs or government institutions providing business development services directly to entrepreneurs or farmers (provider level)
- Number of “copy cats”: service providers started through a demonstration effect

Proposed Methodologies
- A BDS facilitator who is also a direct provider tracks the number of entrepreneurs and farmers who have paid a fee for a service, or sold goods or services through the facilitator/provider, since the beginning of the project or program.4
- A BDS facilitator who works through separate providers tracks the providers who paid a fee for services or sold goods or services through the facilitator, since the beginning of the project or program. The providers then track the micro entrepreneurs or farmers who purchased services or sold goods or services through providers since the project or program began. In tracking providers, the facilitator will distinguish between commercial enterprises and non-profit institutions (NGO or government agency). The sum of the micro entrepreneurs and farmers, plus the enterprise providers, equals the “Cumulative number of entrepreneurs or farmers acquiring the service through commercial transactions.”
- Both types of BDS facilitators will distinguish first-time and repeat customers.
- The cumulative figure is then broken down into years, and percentage growth over the last year is calculated to get an annual growth trend. 
  \[
  \frac{(1998-1997)}{1997}
  \]
- The cumulative number of enterprises acquiring the service is then divided by the number of years the program has been in existence. This helps compare older programs with younger programs more fairly.

**Examples:**

<table>
<thead>
<tr>
<th>ApproxTEC, Kenya: Akili training program and water pump program</th>
<th>76 clients trained in product development for a fee; 2,000 farmers purchased water pumps through 3 manufacturers.</th>
</tr>
</thead>
<tbody>
<tr>
<td>EEW (ATI) oil press program in</td>
<td>8,570 enterprises acquiring services, including oil</td>
</tr>
</tbody>
</table>

4 BDS “Facilitation” refers to activities that are temporary, designed to develop the market for BDS, and less likely to achieve cost-recovery. BDS “Provision” refers to the ongoing delivery of direct services to micro entrepreneurs and farmers, through commercial transaction such as fees, purchases, or sales commissions. These are more likely to have potential for cost-recovery.
<table>
<thead>
<tr>
<th>Country</th>
<th>Program Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tanzania</td>
<td>press purchasers, sunflower seed suppliers, machine manufacturers; tracks annual new ents.</td>
</tr>
<tr>
<td>ACA/AFE training for bakers and tailors in Senegal</td>
<td>145,335 (need to subtract out employees) trained for a fee</td>
</tr>
<tr>
<td>BRAC, Poultry Rearing, Bangladesh</td>
<td>540,000 women (1 per household) trained in poultry rearing and purchasing improved inputs from BRAC.</td>
</tr>
<tr>
<td>IDE water pumps in Bangladesh</td>
<td>Over 2 million purchasing water pumps</td>
</tr>
<tr>
<td>SEWA, Vegetable Vendor’s Cooperatives, India</td>
<td>4,578 vendors pay member dues for advocacy services</td>
</tr>
<tr>
<td>IDE/BRAC/CEPAE, Voucher Training Program</td>
<td>4,530 individuals trained for a fee; 32 providers cashing in vouchers</td>
</tr>
<tr>
<td>MEDA/PROARATE, crafts marketing company, Nicaragua</td>
<td>100 craftspeople selling crafts to PROARTE</td>
</tr>
</tbody>
</table>

2. **OUTREACH:** To what extent is the market for BDS being deepened by the BDS facilitator and providers? To what extent are services reaching people who face barriers in accessing market services? For example, women, the poor, ethnic populations that have faced discrimination, rural people, etc?

**Incentive for Practice:** To use public funds to reach significant numbers of people who would otherwise not have access to market services. To avoid distorting the market for services that entrepreneurs or farmers could enter or obtain from the private sector.

**Proposed Indicators (outreach is a measure of market penetration):**
- Percent of entrepreneurs and farmers acquiring a BDS that are women.
- Percent that are poor.
- Percent that are facing another barrier to self-employment.

**Proposed Methodology:**
- The individual actually purchasing the service is a woman, or the enterprise may be 50% or more owned by a woman. This may be tracked by the facilitator or service provider, or in random sample surveys.
- The agency will define poverty and define their methodology for data collection.
- The agency will define other barriers to self-employment and their methodology.

**Issues:**
- Is it appropriate to establish an incentive to provide BDS to women, the poor and people with barriers? Sometimes these populations benefit indirectly through employment, decreased consumption cost, reduced domestic workload, increased availability of services, etc.
- There are significant methodological challenges to measuring poverty levels.
- “Other barriers” are not comparable across programs.
- Measuring whether people acquire the service may not be sufficient. It is better to assess use and benefits across different populations.

**Examples:**

<table>
<thead>
<tr>
<th>Program</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>ApproTEC, Kenya: Akili training program and water pump program</td>
<td>29% of trainees are women; tracks % in lowest business bracket.</td>
</tr>
<tr>
<td>EEW (ATI) oil presses in Tanzania</td>
<td>50% women</td>
</tr>
<tr>
<td>IDE water pumps in Bangladesh</td>
<td>85% own less than 1 hectare of land or rent</td>
</tr>
<tr>
<td>MEDA/PROARATE, crafts marketing</td>
<td>30% women; all but 1 with fewer than 5</td>
</tr>
</tbody>
</table>
Company, Nicaragua employees; all rural; bottom 2 quintiles of national income range

WWB survey of BDS programs 64% rural; 64% in the bottom 1/5 income tier; 87% have less than 1 employee

3. **IMPACT:** Of the people acquiring the business development service, how many are changing their behavior or business practices as a result of the service? How many are improving their businesses because of changing their practices? How satisfied are people with the service? What financial value do people put on the service? What portion of people are benefiting significantly?

**Incentive for Practice:** To provide services that are in high demand, that people value, that people use and from which people benefit significantly. To satisfy customers and keep them returning for additional services.

**Proposed Indicators:**

<table>
<thead>
<tr>
<th>Indicator of …</th>
<th>For entrepreneurs and service providers, tracked separately</th>
</tr>
</thead>
<tbody>
<tr>
<td>Portion using the service</td>
<td>% of entrepreneurs acquiring the service who realized intended outcome of the service by <em>using</em> it as intended</td>
</tr>
<tr>
<td>Portion benefiting from the service</td>
<td>% of entrepreneurs acquiring the service who realized intended outcome of the service by <em>benefiting</em> as intended</td>
</tr>
</tbody>
</table>
| Customer satisfaction with the service | • satisfaction level (scale of 1-5)  
• % of people acquiring the service at least twice |
| Extent of the benefits | • Average perceived USDollar value of the service  
• % of entrepreneurs reporting 50% or greater increase in income from services |

**Proposed Methodology:**

- The BDS facilitator will define the intended “use” of a service and the intended “benefits” from using it, preferably at the start of the program.
- The BDS provider will select the appropriate timeframe, after service acquisition, to assess impact.
- The BDS facilitator/provider will survey entrepreneurs and/or independent service providers using random sampling techniques.
- A survey tool will be developed for customer satisfaction and for assessing income, but the BDS provider will develop the tool for assessing service use and benefits.
- The proportion of users will be calculated: (# users/#acquirers)
- The proportion of people benefiting will be calculated: (# benefiting/#acquiring)
- Satisfaction will be assessed on a scale of 1-5, 5 being highest.
- Customers will be asked their perception of how much the service was worth to them. BDS facilitators will calculate an average and translate it into 1990 USDs.
- Customers will be asked their perception of the percent change in their business income as a result of the service. The responses will be sorted into categories of the extent to which people benefited, in 25% increments.
- The percent of entrepreneurs who perceive that their income has increased by 50% or more will be calculated: (#acquiring/#increasing incomes 50% or over)

**Issues:**

- Income changes are challenging to measure; these are intermediate indicators assessing effects rather than impact.
- Customer perceptions are highly influenced by interest in pleasing the surveyor.
• Definitions of “using” and “benefiting” are different for different services, and may not be easy to define and assess.
• The indicators focus more on the number of people using and benefiting, than on the intensity of the benefits, which may provide an incentive to service a large number of people with a low return service.
• Benefit:Cost analysis is more complete, but too complex and costly for most BDS facilitators.

Examples: This is a compilation of indicators tracked by typical BDS programs, and a proposed strategy for calculating the indicators in a different manner. Many programs track indicators applicable to the definitions of use, benefits and perceived value.

<table>
<thead>
<tr>
<th>ApproTEC, Kenya: Akili training program ApproTEC water pumps and oil presses</th>
<th>USE: 81% developed new products. BENEFITS: 35% increase in income compared to –4% in control group; 70% reduction in # of entrepreneurs that are poor; 9% increase in employees compared to a –11% in control group; PERCEIVED VALUE: 19% of increased sales due to new products. Asked technology investors what % their income increased as a result of the investment.</th>
</tr>
</thead>
<tbody>
<tr>
<td>EEW (ATI) oil press program in Tanzania</td>
<td>USE: 47% proven sustainable enterprises; BENEFITS; Total monetary benefits $3.5 million; income gains per enterprise $653.</td>
</tr>
<tr>
<td>Peace Corps</td>
<td>USE: percent reporting improved business practices such as keeping books, opening bank accounts, developing new products; BENEFITS: percent reporting increased income, sales, assets, employment, savings, reduced costs, obtained a loan.</td>
</tr>
<tr>
<td>IDE water pumps in Bangladesh; ApproTEC</td>
<td>Repeat purchasers</td>
</tr>
<tr>
<td>IDB/GAMA/CEPAE, Paraguayan Voucher Training Program</td>
<td>Average number of trainings purchased by micro entrepreneurs, 2.5; business owners increased productivity, lowered costs, increased sales.</td>
</tr>
<tr>
<td>ILO,SIYB, global</td>
<td>USE: 30-60% of people trained start a business. BENEFITS: 80% are still in business one year later.</td>
</tr>
<tr>
<td>SEROTEC, Chile, cluster networks</td>
<td>USE:75% made expected changes in processes, products, sales strategies, and financial management</td>
</tr>
<tr>
<td>INSOTEC, CENTRIMA, Ecuador</td>
<td>BENEFITS: 15-35% cost savings to businesses from inputs supplied by the cooperative.</td>
</tr>
<tr>
<td>K-MAP consulting services, Kenya</td>
<td>BENEFITS: 106% increase in employment, 292% increase in assets, 189% increase in employment</td>
</tr>
</tbody>
</table>

4. COST-EFFECTIVENESS: Is the program a wise use of funds? How much does it cost to help an entrepreneur access services? To help an entrepreneur use them? To help an entrepreneur benefit from them? Do the benefits outweigh the costs?

Incentives for Practice: To provide efficient, effective services to large numbers of people. To create value added as assessed by customers, rather than by development agencies.

Proposed Indicators: To be measured separately for entrepreneurs/farmers and service providers. This is a measure at the BDS facilitation level.

• Net, cumulative program costs per cumulative entrepreneurs and farmers acquiring, using, and benefiting from the business development service, tracked separately. (Cost per number acquiring; cost per number using; cost per number benefitting)
• Last year’s net program costs per new or repeat entrepreneurs and farmers acquiring/using/benefiting last year.
• Cumulative net program cost per cumulative enterprise/farm reporting an income increase of at least 50% due to the service.

**Total Perceived benefit:cost ratio. The estimate of the total, cumulative, perceived value of the service for both entrepreneurs/farmers and providers, divided by the total cumulative costs.**

Proposed Methodology:
• Program costs will be the most inclusive definition possible: Cumulative, start-up and recurrent, international and local, fixed and variable, overhead as well as direct service provision, research and development, etc. Costs of private sector entrepreneurs acting as service providers will not be included. Costs will be net of fees collected by non-profit institutions, whether the BDS facilitator or providers.
• Program costs will be translated into USD and deflated to 1990 USD.
• The total perceived value will be extrapolated from sample surveys, translated into USD and deflated to 1990 USD. Where relevant, the perceived value will be adjusted for inflation in the local currency if, for example, the survey data is collected in different years.
• The cost per person ratios will then be calculated separately for entrepreneurs/farmers and independent service providers; for acquirers, users and beneficiaries; for enterprises reporting income increases above 50%. Eight indicators in all.
• The final benefit:cost ratio will be calculated and expressed as number.

Issues:
• Same as impact issues.
• Challenging to define what costs to include and to translate into comparable figures.
• USD are not of the same value in every country.

Examples: This is a compilation of indicators tracked by typical BDS programs, and a proposed strategy for calculating the indicators in a different manner. The following programs track indicators that suggest their capacity to use these indicators.

<table>
<thead>
<tr>
<th>Program</th>
<th>BENEFIT: COST RATIO,</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Technoserve, Santa Valley</td>
<td>24.95</td>
<td>Net Present Value of benefits $190M for a $4.5 M investment</td>
</tr>
<tr>
<td>IDE Water Pumps, 4 countries</td>
<td></td>
<td>Cost per enterprise trained $150</td>
</tr>
<tr>
<td>ACA/AFE training in Senegal</td>
<td></td>
<td>Cost per person trained, $19.50</td>
</tr>
<tr>
<td>IDB/GMA/CEPAÉ, Paraguayan Voucher Training Program</td>
<td></td>
<td>Cost/job created $2,170</td>
</tr>
<tr>
<td>ITDG Oil press in Zimbabwe</td>
<td></td>
<td>Cost/job created $400</td>
</tr>
<tr>
<td>KMAP consulting services, Kenya</td>
<td></td>
<td>Cumulative cost per cumulative enterprise acquiring service, $152; Annual cost per newly assisted enterprise $128. Benefit:Cost ratio 4.65</td>
</tr>
<tr>
<td>ApproTEC, Akili training, Kenya</td>
<td></td>
<td>Total Net benefits to clients: KSh 1.83M;</td>
</tr>
<tr>
<td>EEW (AATI) overall programs</td>
<td>4.65</td>
<td>1997 total fees collected, $170,025; total costs $3.282 M</td>
</tr>
<tr>
<td>PROARTE crafts marketing in Nicaragua</td>
<td></td>
<td>Tracks annual “subsidy” and sellers.</td>
</tr>
</tbody>
</table>

5. **SUSTAINABILITY:** Did the entrepreneur or farmer’s investment in the service pay off quickly and will it be a profitable investment? To what extent did the different activities, ranging from BDS facilitation to direct BDS provision, recover the costs of providing the service? To what extent were the business development services provided by institutions that are independent from
highly subsidized BDS facilitators? To what extent are these institutions covering the cost of service provision? To what extent is a competitive, growing market for the BDS developing? As increasing numbers of people acquire services, are overall program costs declining?

**Incentives for Practice:** To develop affordable services with a rapid pay-off period. To assess costs and subsidies for specific for specific BDS. To deliver services efficiently, through independent, potentially sustainable institutions, particularly private enterprises. To establish a dynamic service in the market so that, over time, larger numbers of service providers are entering the market and increasing numbers of people are accessing the service, while program costs are declining and eventually eliminated.

**Proposed Indicators (level):**

- Break even point: average amount of time it took for an entrepreneur or farmer’s investment in the BDS to pay for itself in increased income (enterprise level).
- Annual profits or cost-recovery of the BDS and facilitative services provided, broken down by activities ranging from pure facilitation to direct service provision (provider and facilitation level)
- Institutional independence of service provision, broken down by activity ranging from facilitation to direct service provision (Provider and facilitator level)
- Change in service acquisition over the life of the project, compared to change in project costs (market place level).
- Number of “Copy cats,” service providers that entered the market without assistance from the BDS facilitator (market place level).

**Proposed Methodology:**

- The methodology for determining a break even point will be developed. It is likely to be assessed in random sample surveys, and may be simply the entrepreneur’s opinion of how long it took to recover the investment.
- The activities involved in developing and delivering the BDS to the entrepreneur will be broken down in a table. For each activity, the previous year’s costs and revenues will be listed and compared in a ratio with a percentage format. It is understood that the most facilitative, subsidized activities may not recover any costs. In contrast, entrepreneurs providing a BDS should be making a profit. Institutions will define their own “steps” according to their programs and their capacities to break down costs. All program costs incurred in the previous year will be included, including estimates of overheads, which may be a separate activity such as “management.”
- Program costs will be translated to USD and deflated to 1990 values.
- Total annual program costs will be plotted on a graph. On the same graph will be plotted the number of people acquiring the service each year. In early stages of a project, the lines are likely to be in parallel upward directions. As a program matures, if a sustainable market for the service is developing, program costs should decline while the number of entrepreneurs acquiring the service continues to increase.

**Issues:**

- The institutional arrangements for BDS delivery are often indirect, which makes it hard to collect fees directly from entrepreneurs. When services are delivered directly to entrepreneurs, institutions often mix subsidized, facilitative activities with potentially sustainable service provision roles.
- BDS institutions are still developing appropriate services and delivery mechanisms; this process is expensive and cost-recovery is minimal when the non-profit institution is assessed. Because BDSs are often quite specific to particular markets and sectors, service development and facilitation costs are likely to remain high.
• Some BDS activities are “public goods” or are addressing “market failures” for which it is difficult to capture fees for service. The field has yet to determine what activities are justified as “public goods” and which could be delivered by private entrepreneurs.

• BDSs usually require that entrepreneurs pay first, and benefit later. Cash flow, and the high costs of services, often prevent entrepreneurs from paying the full cost of services.

Examples:

**Enterprise Level**

<table>
<thead>
<tr>
<th>BRAC Deep Tube wells in Bangladesh</th>
<th>Measures cost-recovery of well management</th>
</tr>
</thead>
<tbody>
<tr>
<td>ApproTEC water pumps and oil presses</td>
<td>Surveyed entrepreneur report recovering costs in 1-2 planting seasons</td>
</tr>
<tr>
<td>EEW (ATI) all programs</td>
<td>47% of participants are associated with enterprises and farms of proven sustainability</td>
</tr>
<tr>
<td>INSOTEC/CENTRIMA supply of inputs to woodworkers in Ecuador</td>
<td>Cost of inputs breaks even after 6 months</td>
</tr>
<tr>
<td>ITDG oil presses in Zimbabwe</td>
<td>Return on investment for oil processor, 51%, 2 years to recover costs</td>
</tr>
</tbody>
</table>

**Provider Level:** This framework was adapted from ApproTEC’s oil pressing program in Kenya.

**Figure 1: Cost recovery in each part of ApproTEC’s service for the oil press**

<table>
<thead>
<tr>
<th><strong>ACTIVITY</strong></th>
<th><strong>Institution</strong></th>
<th><strong>Cost ($)</strong></th>
<th><strong>Recovery ($)</strong></th>
<th><strong>Recovery (%)</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>Business Opportunity Identification/ Market Research</td>
<td>ApproTEC</td>
<td>n/a</td>
<td>n/a</td>
<td>n/a</td>
</tr>
<tr>
<td>Technology Design and Development</td>
<td>ApproTEC</td>
<td>94,882</td>
<td>0</td>
<td>0%</td>
</tr>
<tr>
<td>Selection, Training and Equipping of Manufacturers</td>
<td>ApproTEC</td>
<td>7,548</td>
<td>4,000</td>
<td>53%</td>
</tr>
<tr>
<td>Marketing and Promotion (p.a.)</td>
<td>ApproTEC</td>
<td>142,744</td>
<td>14,667</td>
<td>10%</td>
</tr>
<tr>
<td>Machine Manufacturing</td>
<td>Independent enterprises</td>
<td>19,500 KSH per machine</td>
<td>23,500 KSH per machine</td>
<td>Ksh.4,000 per machine or 121%</td>
</tr>
<tr>
<td>Machine Distribution</td>
<td>Independent enterprises</td>
<td>23,500 KSH per machine</td>
<td>26,500 KSH per machine</td>
<td>Ksh.3,000 per machine or 113%</td>
</tr>
<tr>
<td>Oil Pressing Business</td>
<td>Independent enterprises/farmers</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Impact Monitoring (p.a.)</td>
<td>ApproTEC</td>
<td>6,191</td>
<td>0</td>
<td>0%</td>
</tr>
</tbody>
</table>
Other programs track cost-recovery on one level or another. For example:

<table>
<thead>
<tr>
<th>Program</th>
<th>Cost-Recovery</th>
</tr>
</thead>
<tbody>
<tr>
<td>ACA/AFE training in Senegal</td>
<td>100% of recurrent costs recovered for bakers; 50% for tailors</td>
</tr>
<tr>
<td>ILO SIYB training</td>
<td>50-100% of operating costs recovered</td>
</tr>
<tr>
<td>Yasan Dian Desa, shrimp and fish skins program in Indonesia</td>
<td>42% cost-recovery in 1992</td>
</tr>
<tr>
<td>Technoserve</td>
<td>Collects profit and loss statements from community based enterprises providing services; also tracks fees collected from these enterprise by Technoserve</td>
</tr>
<tr>
<td>EEW (ATI) COPROCA Alpaca farmers and fiber processing in Bolivia</td>
<td>33% of cooperatives’ marketing and processing costs covered.</td>
</tr>
</tbody>
</table>

Market Place: EEW (ATI) measured copy cats as the number of oil press manufacturers that did not receive services from EEW. The following is a hypothetical example of what it might look like to track annual program costs against annual entrepreneurs acquiring services. Since most agencies know both these figures, this indicator would be easy to apply.
ANNEX 4

The Subsector Workshop Agenda and Participant List

Workshop Program/Schedule

for

Carpentry, Bakery, Tailoring, Fish, and Fruits/Vegetables Subsectors
26 and 27 June 2000

8:30 Introduction / Goals of the Workshop
9:15 Session I - Introduction to Subsector Analysis
10:15 Tea Break
10:30 Session II - Review of Subsector Maps
11:30 Session III - Review of Constraints and Opportunities
13:00 Lunch
14:00 Session IV - Principles for Intervention Design
14:45 Session V - Identification of Interventions
15:15 Tea Break
15:30 Session V (continued) - Identification of Interventions
16:25 Session VI - Next Steps / Closing
## Workshop Participant List

<table>
<thead>
<tr>
<th>Name</th>
<th>Affiliation</th>
<th>Contact Information</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Ramos Buta</td>
<td>ADRA</td>
<td>Luanda 365129</td>
</tr>
<tr>
<td>2. Gabriel Muquixe Muate</td>
<td>MSE</td>
<td>Ngola Kiluanje</td>
</tr>
<tr>
<td>3. Domingo Romao</td>
<td>MSE</td>
<td>Cazenga</td>
</tr>
<tr>
<td>4. Manuel Antonio</td>
<td>MSE</td>
<td></td>
</tr>
<tr>
<td>5. Jose Zenza Antonio</td>
<td>MSE</td>
<td>Cazenga</td>
</tr>
<tr>
<td>6. Miguel Julio</td>
<td>Dom Bosco</td>
<td>Sambizanga</td>
</tr>
<tr>
<td>7. Luis Barros Torres</td>
<td>MSE</td>
<td>Cazenga</td>
</tr>
<tr>
<td>8. Jose Suana</td>
<td>MSE</td>
<td>Cacuaco</td>
</tr>
<tr>
<td>9. Alexandre Pogrebiasky</td>
<td>INAPEM</td>
<td>Luanda 310147</td>
</tr>
<tr>
<td>10. Manuel Felguia</td>
<td>CCF</td>
<td>Luanda</td>
</tr>
<tr>
<td>11. Madalena Compos</td>
<td>MSE</td>
<td>Sambizanga</td>
</tr>
<tr>
<td>12. Lunkemiesi Saka</td>
<td>MSE</td>
<td>Cazenga</td>
</tr>
<tr>
<td>13. Miriam Monica Gonzaga</td>
<td>Jumbo (distributor)</td>
<td>Luanda</td>
</tr>
<tr>
<td>14. Manue Neto Ernesto</td>
<td>CARE</td>
<td>Luanda 391672</td>
</tr>
<tr>
<td>15. Masinco de Gove</td>
<td>CARE</td>
<td>Luanda 340400</td>
</tr>
<tr>
<td>16. Mary Daly</td>
<td>DWA</td>
<td>Luanda 348371</td>
</tr>
<tr>
<td>17. Zito Francisco</td>
<td>MSE</td>
<td>Rangel</td>
</tr>
<tr>
<td>18. Reis Calisto</td>
<td>MSE</td>
<td>Cazenga</td>
</tr>
<tr>
<td>19. Jose Joao Cristina</td>
<td>MSE</td>
<td>Hoje ya Henda</td>
</tr>
<tr>
<td>20. Gomes Gambuta</td>
<td>USAID</td>
<td>Luanda</td>
</tr>
<tr>
<td>22. Paulo Serrate</td>
<td>MSE</td>
<td>Cacuaco</td>
</tr>
<tr>
<td>23. Joao D. Manuel</td>
<td>MSE</td>
<td>Cazenga</td>
</tr>
<tr>
<td>24. Domingos Firmino</td>
<td>MSE</td>
<td>S. Pedro da Barra</td>
</tr>
<tr>
<td>25. Mario Francisco</td>
<td>MSE</td>
<td>Sambizanga</td>
</tr>
<tr>
<td>26. Octavio Manuel</td>
<td>MSE</td>
<td>Sambizanga</td>
</tr>
<tr>
<td>27. Neto Rodriguez</td>
<td>MSE</td>
<td>Sambizanga</td>
</tr>
<tr>
<td>28. Luis J. M. Garcia</td>
<td>Coop. Agicola</td>
<td>Complexo Residenti Caop</td>
</tr>
<tr>
<td>29. Domingo Paulo</td>
<td>Coop da Funda</td>
<td>Complexo do Fortim</td>
</tr>
<tr>
<td>30. Gabriel Martins</td>
<td></td>
<td>“</td>
</tr>
<tr>
<td>31. Maria Antonieta</td>
<td></td>
<td>“</td>
</tr>
</tbody>
</table>
Other Key Informants Contacted (not included in above list):

Direcao de Feira - Responsivel da Area de Feiras e Mercados
Dom Bosco - Father Thierso
ICRA - Father Joao Domingos
FAS - Mr. Victor Hugo
FENAPRO - Sr. Rodrigo
Save the Children - Sra. Shashi Canda
Super Africa (distributor) - Administrador
USAID - Mr. Jim Jackson
Min. of Agric. - Eng. Responsavel Para Area
Direceao Provincial da Agri - Sr Gasper
FDES - Um Funcionario
Min. de Industria - Responsavel Area de Plangamento
Min. do Comercao - Responsavel do Gabinete Juridico
Min. da Familia - Responsavel da Area de Credit
ECIL (furniture dist.) - Assistant to the Director General
Mungo Vunda (distributor) - Secretaria do Director
Panga Panga (raw material supplier) - Mr. Jose Rodrigues
Ligalu (ag. raw materials sup) - Assistente de Vendes
Camara de Comercio e Industria - Dona Rosa
ANNEX 5

Concept Papers
I. The Survey Tool

The following presents the Impact survey tool that was designed with the chosen impact indicators in mind. The survey is intended to elicit data related to acquisition, use, and benefit of BDS services. The tool presented is to be used for periodic performance measurement and a similar questionnaire will be used to gather initial baseline information. Both questionnaires can be found at the end of this document.

Clarifications and explanations to selected questions are noted in bold and italicized text in parentheses.
Survey for Assessing Impact

Control Number: ____________
(A number is assigned to all respondents in the survey data base)

Interviewer:____________________   Interview Date: ____________
(Interview time may also be deemed necessary)

(If enumerators have business cards or IDs from DWA and they should present these when first meeting the respondent.

A short introduction will be presented to the respondent at this time, e.g.:

Possible Baseline Survey Introduction:

Good Morning/afternoon/evening my name is ________ and I am conducting a survey with organization X. As you probably know, Org. X exists to assist business people like you to develop themselves and their businesses. The purpose of this survey is to gather information that will help us to better understand the needs of businesses like yours and, as a result, better assist with those needs. I have a few questions that I would like to ask about you and your business. Do you have a few minutes to do this now? {If “yes”, continue with questionnaire. If “no”, ask the respondent when would be a good time to conduct the survey.}

Possible Performance Measurement Survey:

Good Morning/afternoon/evening my name is ________ and I am conducting a survey with organization X. As you probably know, Org. X exists to assist business people like you to develop themselves and their businesses. According to my records, you received services from this organization. The purpose of this survey is to help us understand the use and benefits of the service you received, and any problems with the service, so we can continue to provide you with the best service possible. I have a few questions that I would like to ask about you and your business. Do you have a few minutes to do this now? {If “yes”, continue with questionnaire. If “no”, ask the respondent when would be a good time to conduct the survey.}

A. Demographic Information

1. Name of Respondent: ____________________________
2. Address of Respondent: ____________________________

Location of Business: ____________________________
Gender of Owner (at least 51%): Male ____  Female ____  Both (joint ownership) ____

Employees (include owner):

<table>
<thead>
<tr>
<th></th>
<th>Full Time</th>
<th>Part Time</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Male</td>
<td>Female</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Paid</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Unpaid</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Trainee</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other</td>
<td></td>
<td></td>
</tr>
<tr>
<td>TOTAL</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

This business contributes to what percent of the owner’s household income?

100% ____  75% ____  50% ____  25% ____  Less than 25% ____

Other demographic information that describes the organization’s target group of underserved markets: rural/urban, ethnicity, exporter, home-based, “legally” registered, etc

*(DWA will determine if additional demographics are needed and adjust the questionnaire accordingly)*

**B. Measurement Of Impact**

**Acquisition of Service**

**Customer Satisfaction**

1. Of the following services, which did you obtain from DWA? *(The BDS Team will list the services that they offer. The enumerator can use a prompt card that illustrates all possible services that are offers. The card will be shown to the respondent who will indicate those services s/he has obtained from the organization.)*

2. When did you obtain each of these services from DWA (month and year)?
   If more than once, please state every time you obtained each service.

3. How much did you pay for the service the last time you obtained it, if anything? *(To be entered in the “Price” column of the table below.)*

<table>
<thead>
<tr>
<th>What Services</th>
<th>When</th>
<th>Price</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Most Recently</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Time Before That</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Time Before That</td>
<td></td>
</tr>
</tbody>
</table>
4. How would you rate your satisfaction with those services? For “SERVICE A”, were you, extremely satisfied – very satisfied – somewhat satisfied – not at all satisfied? *(continue for other services listed)*

<table>
<thead>
<tr>
<th>Service (of org)</th>
<th>Extremely satisfied</th>
<th>Very satisfied</th>
<th>Somewhat satisfied</th>
<th>Not at all satisfied</th>
<th>Explain why for all responses</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
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<td></td>
</tr>
</tbody>
</table>

*(Tables should be reformatted to allow for sufficient space for responses, once any organizational adjustments have been made.)*

5. If respondent obtain services from DWA more than one time, ask: I see you have purchased services from DWA more than once, please explain why? *(Show prompt card with the following responses)*

- found service to be helpful
- services were part of a pre-planned package
- services were not available elsewhere
- services offered other motivations, explain
- service was required in order to get loan
- other

If respondent has obtained services from DWA only once, ask: I see that you have only obtained services from DWA once, why didn’t you obtain again? *(Again, prompt card can be used here.)*

- did not see the benefit in service
- further services were not offered
- found services elsewhere
- did not need further services
- other

6. Did you obtain similar services from another organization? Yes _____ No _____

If yes:

<table>
<thead>
<tr>
<th>Organization</th>
<th>Service</th>
<th>When Ext</th>
<th>Very sat</th>
<th>Somewhat satisfied</th>
<th>Not at all satisfied</th>
<th>Explain why for all responses</th>
<th>Price</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
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<td></td>
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</tr>
</tbody>
</table>
7. When did you obtain the service most recently?

8. How much did you pay for the service, if anything?  
   *(Write the response in the price column above.)*

**Use of Service**

1. Of the services obtained from **DWA**:

   Have you made use of that service?  
   *(Yes or No)*

   In what way(s) have you changed your business/technical practices as a result of the service?  
   *(Change will be defined by the individual BDS programs. Does the response relate to the defined change?)*

   **c. For change in your business is attribution primarily or secondarily related to the service provided by Organization X?***

<table>
<thead>
<tr>
<th>Service</th>
<th>Made use Of Service</th>
<th>Change (if none, explain)</th>
<th>Attributed To Service (P or S)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
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<td></td>
</tr>
</tbody>
</table>

**Service’s Benefit to Business**

2. What are the 5 top products or services that you provide?

<table>
<thead>
<tr>
<th>Products/Service</th>
<th>Raw materials cost</th>
<th>Total Sales</th>
<th>*SGP</th>
<th>Change in SGP</th>
<th>Attributable</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>B</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>C</td>
<td></td>
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<tr>
<td>D</td>
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<tr>
<td>E</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>TOTAL</td>
<td></td>
<td></td>
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<td></td>
</tr>
</tbody>
</table>

* SGP = simplified gross profit
3. For product “A” what was the total amount for raw materials for the previous month? (continue for other products/services)

4. Do you have sales records for the past year? If yes, skip to and complete table below indicating that figures are from sales records. If no, continue with questions 4-7.

5. For product “A”, what was the total amount that you gained from sales for the previous month? (continue for other products/services)

6. Would you consider the previous month to be one of high sales, medium sales, or low sales? __________________

7. You stated that last month was a high ____, med ____ , low _____ sales month, during the past year, what months were high _____, med _____, low _____, and what was the amount of sales for those months? (ask only for the two levels that do not relate to the past month’s level)

   High $ _________  Medium $ ____________  Low $ __________

8. Based on your explanation of high, medium and low sales months, how would you rate the remaining months for the previous year?

<table>
<thead>
<tr>
<th>Month</th>
<th>High Sales</th>
<th>Medium Sales</th>
<th>Low Sales</th>
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<td>January</td>
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<td>December</td>
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<tr>
<td>TOTAL</td>
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</tbody>
</table>

9. For (products that show significant increase in SGP), can you attribute this success to the services provided by DWA? To what extent:

   Totally ____  Quite a bit ____  Somewhat ____  Not attributed to Service ____

*(Change in SGP will be calculated using information from the baseline for the first Impact Survey. Subsequent surveys can use both baseline information and information from previous performance measurement survey(s) in determining change.)*

*(At the end of the survey, be sure to thank the respondent for their time and effort.)*
II. SURVEY PREPARATION

A. Survey Instrument/Methodology Finalization

Translate surveys as necessary being certain not to change the meaning of any of the questions. Also, it is important that clarity and brevity are also translated to the extent possible. Once the tool has been translated, it can be “back translated” to the original language (by a different translator), to determine accuracy of first translation.

The Impact Questionnaire can be used as a tool on its own if the organization feels that the tools captures all the data they deem necessary for both the and the organization’s needs.

Questions may be added to this Questionnaire, as determined by DWA’s need for additional data. Again, the basic questions should remain in their original form.

Once the organization’s questionnaire has been finalized, it is important that the instrument be tested. This can be undertaken through mock interviews with 4 or 5 respondents (clients) to determine:
- clarity of questions (easily understood by respondent)
- language difficulties
- best use of prompt cards
- general ease of flow
- average time needed to complete a survey
- other problems with content or process

B. Sample Size and Sample Selection

In an ideal world, a performance measurement system would collect baseline and performance data from all program clients. In reality, this may be impossible because, a) the time for collecting the baseline data has passed and clients will not be able to accurately reproduce financial information from before receiving the service, and b) your program may serve large numbers of clients and it would be expensive to survey all of them. Thus, for this field test we recommend surveying a random sample of your client population. The process of sampling is a key aspect of any survey and should be carefully considered. Sampling can be practical and economical, but it can have very unreliable results if not done correctly. The sample must be selected to properly represent the whole universe (in our case, all clients), since by studying the sample we are drawing conclusions about the larger group.

Identify and define the population being analyzed

The population to be analyzed in this Impact survey is all clients who have received a particular BDS from your DWA.

Determine desired sample size
Choosing a sample size is one of the most important parts of designing a survey. Quite simply, the more people interviewed, the more accurately you are able to get data that is reflective of the total population. Some organizations may have a small enough population that allows for interviewing for everyone (or nearly everyone). But, in most survey situations we are unable to interview large numbers of respondents due to lack of resources such as time, money, and personnel.

Another issue in determining sample size is that of the degree of confidence the organization requires. The confidence level is the degree to which you are certain that the results are a true reflection of the population. Along with this we have a margin of error (related to the confidence interval) which is a “+” or “–” amount that indicates precision. As an example, a poll may show that of 1000 respondents throughout the world, 60% of them have considered starting their own business, while 40% have never thought about starting their own business. The poll designer will then explain that this is with a 95% confidence level and a margin of error of + or – 3 percentage points (the range could be 57% to 63% for those who have considered starting a business, and 37% to 43% for those who have never considered starting a business).

There are formulas that will calculate the sample size based on population size, required confidence levels and confidence intervals. As an example, if you have a population 2500, and you wanted a confidence level of 95% and a confidence interval (margin of error) of 5, your sample size would be 333 respondents.

Some other examples are:

**Sample size** (for 5% margin of error) –

<table>
<thead>
<tr>
<th>Population</th>
<th>Confidence Level</th>
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<tbody>
<tr>
<td></td>
<td>90%</td>
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<tr>
<td>50,000</td>
<td>271</td>
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<tr>
<td>20,000</td>
<td>269</td>
</tr>
<tr>
<td>10,000</td>
<td>265</td>
</tr>
<tr>
<td>5,000</td>
<td>257</td>
</tr>
<tr>
<td>2,500</td>
<td>245</td>
</tr>
<tr>
<td>1,000</td>
<td>214</td>
</tr>
<tr>
<td>500</td>
<td>176</td>
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<tr>
<td>250</td>
<td>122</td>
</tr>
<tr>
<td>100</td>
<td>70</td>
</tr>
</tbody>
</table>

It is clear that when looking at high population level, we need a relatively smaller sample of respondents. Also, the higher the confidence levels, the relatively larger the sample sizes. Most researchers prefer not to go below a 90% confidence level, although some do use 80 or 85%.

Although high confidence levels are important, it is not worth having a very high confidence level unless the data collected in the first place is very precise. Given that the data we are collecting, particularly the financial data, are estimates, we do
not need to have a particularly high confidence level in our sampling (80% would probably be acceptable, although 90% would be better).

Use the above chart to determine what sample size you need to reasonably reflect your client population. Then, plan on interviewing 25% more clients in your baseline survey because some clients will refuse to respond, and you may lose track of others before the performance survey in 6-12 months. You want to make sure you have an adequate sample size for the performance survey.

Determine Sampling Method

Once you have determined how many businesses to survey (sample size), how should they be selected?

a) For the baseline survey, select a sample of clients from the population of clients who have obtained, or about to obtain a BDS – but have yet to put the BDS to full use. The best strategy for this may be to collect baseline data from a sample of clients who are currently receiving services and a sample of all new clients over a period of 3 months. The sample should be random, for example you could interview every third client in order of when they signed up for service, or you could make an alphabetical list of the clients and select every third client on the list. Clients should not be selected because they are articulate, keep good records, or have other characteristics that make them an attractive interviewee. It may be that your program is small enough that you can collect data from all current clients and that will be a sufficient sample size to represent all clients who have never received service.

b) In the case of the performance survey, the client population will be the same individual clients, 6-12 months later when we can expect that the BDS has started to have an impact on the business.

It will be necessary for each organization to determine if stratification is useful in determining their sample.

C. Timing of Survey and Interviews

Timing/scheduling of the interviews may have impact on refusal, response rate, and the accuracy of questions answered. It is, therefore, necessary to schedule interviews in a way that maximizes the quality of the data collected. Scheduling of interviews must be driven by convenience for the respondent, not for the interviewer. Some considerations for scheduling:

- try off-peak operating hours for the business
- times when owner/manager is likely to be present
- consideration for holidays, religious days, peak work days, etc.
- seasonal consideration

A second timing issue relates to the time spent during the interview. By the start of the actual survey an average interview time will have been established. If one is mush faster,
s/he may be rushing things and this could contribute to response and recording error. Conversely, if the interview takes much longer than the average this may also be problematic and indicate belaboring of questions and excessive prompting – which could also contribute to survey error. An average survey time will be determined during the Survey Preparation phase.

D. Personnel and Their Roles

Survey Manager-

The survey manager should be someone who has been involved with the design and preparation of the survey (possibly the Program Coordinator). S/he should have intimate knowledge of all aspects of the survey tools and methodology. The manager will be overall responsible for the enumerators and will have two main tasks of, 1) monitoring the survey process, and 2) checking results for accuracy. In doing this s/he will carry out the following subtasks:

- Be involved with training of the enumerators
- Work directly with enumerators during first 1 or 2 interviews
- Constantly monitor problems in the field
- Collect completed interviews on a daily basis
- Record work accomplished by each enumerator in a daily log
- Keep running totals of interviews to determine if on track for on time completion
- Provide assistance to enumerators as needed
- Treat enumerator’s errors seriously, but not in a negative way
- Motivate enumerators by positive reinforcement

Enumerators-

The enumerator is the communication link between the questionnaire (and its designers) and the respondent. They, therefore, can have a significant effect on the reliability and validity of a survey’s results. Enumerators can, and do, influence the sample of those who agree to be interviewed, and how respondents answer the questions. The interviewer can increase the probability of error if s/he:

- Doesn’t read the questions as written
- Inappropriately prompts and probes in a directive manner
- Biases answers by the way they relate to the respondent
- Records answers incorrectly

Therefore, it is very important that enumerators are chosen for their ability to carry out standardized interviews with a high degree of integrity (after receiving the required training). In some cases it may be necessary to provide enumerators with detailed scripts to be used in conducting the interview. The key for the enumerator is to conduct every interview in the prescribed, standardized manner – thus lessening the possibility of error. Organization will probably have the options of using staff and/or outsiders as enumerators. Staff enumerators should not interview clients to whom they are normally assigned, but rather clients that may be unknown to them.
**Data Entry/Analyzers**

There should be one or more persons (depending on sample size) whose time is dedicated to data entry and analysis for the surveys. These people will be well experienced with the software program that will be used to for the Impact measurement. It is recommended that a spreadsheet program (e.g., EXCEL) be used for compiling and analyzing the data gathered. The data entry/analyzers will:

- begin preparations well in advance
- set up a functional questionnaire storage system (electronic and hardcopy)
- set up a coding system
- check questionnaires before entry
- address queries to the Survey Manager
- enter data according to pre-established system
- provide data descriptions
- provide statistics as pre-determined
- provide charts and tables as pre-determined

**Reporters**

The Reporter(s) will usually be the Survey Manager, but may also be the Survey Manager in collaboration with others in the organization. Their tasks will be to take the processed data, statistics, charts and tables, and transform it into an easy to understand report that covers all information needs of the organizations.

**E. Determine equipment needed (materials, computer/software, transport)**

It is important to determine equipment needs and plan for them well in advance of the survey. The equipment needs are usually in three groups, materials, computers/software, and transport. The following lists some equipment considerations:

**Materials**
- questionnaires
- list of clients to be interviewed
- for performance surveys, data from previous surveys that may need to be referred to during interviews
- prompt cards
- pencils/sharpeners/erasers
- clipboards
- blank paper
- weatherproof bag for storing questionnaire
- maps as appropriate
- daily log forms to monitor activity (by Survey Manager)
- petty cash, expense forms to report survey expenses

**Computer/etc**
- computer system(s) dedicated for use by survey team
- software necessary for survey database
- floppy disks
- other equipment - photocopier
Transport - appropriate vehicles for numbers of enumerators and road/weather conditions
- schedules for drop-offs and pick-ups for each day of the survey

Survey Location

Determine survey location e.g., the baseline survey may be conducted where the service is being delivered, while the performance surveys may be on-site.

III. TRAINING OF SURVEY PERSONNEL

Most survey professionals would agree with the notion that training for enumerators can have a significant impact on lessening error in the survey process. The enumerators should have a clear understanding of what is expected of them based on four general aspects of the enumerator’s job:

- contacting respondents and encouraging participation and cooperation
- establishing a relaxed and friendly environment for interviewing
- conducting the interview in a standardized manner
- accurately recording all responses

The following provides some basic guidelines for training of enumerators prior to actual survey fieldwork.

A. Introduction to Survey

Trainees will also be led to understand the benefit of undertaking a survey of this sort. The facilitator will explain the usefulness of the survey in not only determining the organization’s performance, but also by using the findings to better structure programming to better meet the needs of the organization’s clientele. A further benefit of the survey will be to the enumerator, allowing them to better understand the clientele and to gain experience in a professional interviewing setting. Facilitators will endeavor to understand that the total survey process is important and useful, and not merely collecting of information.

B. Introduction of survey tools (questionnaire, methodology, coding, useful hints, etc.)

The trainees will be “walked” through the questionnaire, question by question as presented in first section of this document. Discussions will focus on the following points:

- Question by question review of the survey tool
- Interviewer behavior
- The greeting
- Importance of Standardization
- Timing
- Distraction and interruptions
- Prompt cards
- Non responses
- Observations/comments

C. Practice interviews w/feedback sessions
This session will give the trainee the opportunity to simulate interviews sessions by role-playing with other trainees. The trainee “interviewer” and “interviewee” will go through the interview process and be evaluated by their peers. Constructive feedback will be offered to trainees after completing individual interviews.

Although not a real life experience, the simulation will give the trainees a good feel for how the interview flows and how they control its direction.

D. Discussions re: tools and methodology

After the tools have been presented, and the practice interviews (role plays) have been completed, there will be a session that will provide trainees with the opportunity to review and provide feedback related to the two events. The Survey Manager will, normally, facilitated a session of this kind. Steps in this process are as follows:

- Review and discuss question by question
- List (e.g., on flipchart) the problems/suggestion that have arisen, related to the questionnaire and methodology
- Discuss and, as necessary, clarify and find solutions to all stated problem/concerns
- Make any revisions to questionnaire and/or methodology
- Ensure that all enumerators understand changes made

E. Discuss Integrity and Importance of Collecting Error-free Data

Survey personnel must be constantly focused on the need to collect quality data that is reliable, valid, and error free. The quality of the data is directly related to the accuracy of the information gathered. This is not merely for the enumerators, but applies to the survey designers, data entry persons, and data analyst as well.

F. Revising of Questionnaire/Methodology

Although mentioned previously, it is important to reiterate the considerations related to revising the questionnaire and/or methodology. The Impact survey is designed as a standardized product of all participating organizations. Therefore, if changes are made at individual organization, the tool is no longer standard. If changes are suggested by an organization, they should be directed to the management staff for their approval.

G. Survey logistics (dates, timing, transport, etc.)

At this point, it will be necessary to present all logistics related to the impending survey fieldwork to those enumerators that have been accepted for the survey. It may be a good idea to develop a checklist so as not forget any import considerations. The list will contain things like:
- all personnel involved and their roles
- dates and hours for survey
- questionnaires photocopied and collated
- prompt cards and coding sheets (as applicable)
- all other materials procured
- identify enumeration areas and assign them to enumerators (w/sample size)
- plan for transport needs (and drivers)
- develop system for monitoring of fieldwork
- computer and software

IV. SURVEY FIELDWORK

A. Clear understanding of logistics by all enumerators

The first order of business will be to make certain that everyone is on-board with the logistics, some of which are presented above. By this time enumerators must be very clear about their role and what is expected of them. Their level of effort and enumeration areas should also be clear.

B. Checks for accuracy

Throughout the interview process all personnel must, constantly, be making checks to ensure that the information collected is complete, understandable, and useful. Enumerators should be constantly aware of the accuracy of their presentations, and recording of responses. During the interview the enumerator should be checking what s/he is recording. At the close of the interview, the enumerator should make another check, and any response related discrepancy could be rectified with the respondent. Questionnaires will, again, be checked by the survey manager as s/he receives them from the enumerators.

V. COMPILATION/DATA ENTRY TO COMPUTER/ANALYSIS

A. Clarify Roles for Personnel

It is important that the organization assign someone who is totally dedicated to questionnaire processing through the duration of the survey. This person will be responsible for data entry of questionnaires as received by the survey manager. Data will be inputted on the spreadsheet exactly as entered on the questionnaire. The data entry personnel will not make any changes to the questionnaires' data, no matter how minor. If a potential entry problem exists, the entry person will bring it to the attention of the survey manager who will determine a solution to the problem.

B. Review methodology (coding, required formatting, etc)

The data entry personnel will, prior to data entry, be completely prepared by having:

- developed coding forms
set up an identification system for completed questionnaires
set up the spread and associated calculation formulas
determined formats for reports and graphic illustrations
made a list of checks for accuracy of the questionnaire

C. Products

Having entered all data onto the spreadsheet, the next step will be for the data entry/analysis person to develop the raw data into specific categories of data description as predetermined and detailed in the following section. The ultimate product of this phase of the survey process will be the various data descriptions that will then be interpreted and reported by others.

VI. REPORTING OF RESULTS

A. Required Data Description for Reports

Each organization will need to determine what types of data descriptions are required for their needs. The following are suggestions for what may be required:

- spreadsheet of all responses for all questionnaires
- stratification breakdowns
- frequency and percentage tables for all questions with nominal, ordinal, and interval scales (e.g., demographics, acquisition, satisfaction, use)
- range, central tendency and averages (mean, mode, median) table and graphs for questions with ordinal or ratio scales (sales, change in gross profit)

B. The Report Format

The report format should be established in advance, and should be designed to accommodate the requirements of the PMF. The suggested format for the report is as follows:

- executive summary
- introduction (organization, program)
- summary of responses to questionnaires (question by question responses, narrative of findings, and supporting graphs and tables
- conclusions
- organization’s experience with the fieldwork
- annexes (to include the spreadsheet of all responses and stratifications {as applicable})
Survey for Assessing Impact

Control Number: ____________

Interviewer: ______________________   Interview Date: ____________

A. **Demographic Information**

1. Name of Respondent: __________________________________

2. Address of Respondent: __________________________________

3. Location of Business: ____________________________________

4. Gender of Owner (at least 51%): Male ____ Female ____ Both (joint ownership) ____

5. Employees (include owner):

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<thead>
<tr>
<th></th>
<th>Male</th>
<th>Female</th>
<th>Total F/T</th>
<th>Male</th>
<th>Female</th>
<th>Total P/T</th>
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<td>Unpaid</td>
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</table>

6. This business contributes to what percent of the owner’s household income?

   100% ____ 75% ____ 50% ____ 25% ____ Less than 25% ____

7. Other demographic information that describes the organization’s target group of underserved markets: rural/urban, ethnicity, exporter, home-based, “legally” registered, etc
B. **Measurement Of Impact**

**I. Acquisition of Service**

**Customer Satisfaction**

1. Of the following services, which did you obtain from **Organization X**?

2. When did you obtain each of these services from Organization X (month and year)? If more than once, please state every time you obtained each service.

3. How much did you pay for the service the last time you obtained it, if anything?

<table>
<thead>
<tr>
<th>What Services</th>
<th>Most Recently</th>
<th>Time Before That</th>
<th>Time Before That</th>
<th>Price</th>
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</table>

4. How would you rate your satisfaction with those services? For “SERVICE A”, were you, extremely satisfied – very satisfied – somewhat satisfied – not at all satisfied?

<table>
<thead>
<tr>
<th>Service (of org)</th>
<th>Extremely satisfied</th>
<th>Very satisfied</th>
<th>Somewhat satisfied</th>
<th>Not at all satisfied</th>
<th>Explain why for all responses</th>
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5. If respondent obtain services from **Organization X** more than one time, ask: I see you have purchased services from Organization X more than once, please explain why?

- found service to be helpful
- services were part of a pre-planned package
- services were not available elsewhere
- services offered other motivations, explain
- service was required in order to get loan
- other

If respondent has purchased services from Organization X only once, ask: I see that you have only purchased services from Organization X once. Why didn’t you purchase again?

- did not see the benefit in service
- further services were not offered
- found services elsewhere
- did not need further services
- other
6. Did you obtain similar services from another organization?  Yes _____  No _____  

   If yes:

<table>
<thead>
<tr>
<th>Organization</th>
<th>Service</th>
<th>When</th>
<th>Ext sat</th>
<th>Very sat</th>
<th>Somewhat satisfied</th>
<th>Not at all satisfied</th>
<th>Explain why for all responses</th>
<th>Price</th>
</tr>
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</table>

7. When did you obtain the service most recently?

8. How much did you pay for the service, if anything?

**II. Use of Service**

1. Of the services obtained from **Organization X**:

   a. Have you made use of that service?

   In what way(s) have you changed your business/technical practices as a result of the service?

   c. For change in your business is attribution primarily or secondarily related to the service provided by **Organization X**?

<table>
<thead>
<tr>
<th>Service</th>
<th>Made use Of Service</th>
<th>Change (if none, explain)</th>
<th>Attributed To Service (P or S)</th>
</tr>
</thead>
<tbody>
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</tr>
</tbody>
</table>
III. Service’s Benefit to Business

What are the 5 top products or services that you provide?

<table>
<thead>
<tr>
<th>Products/Services</th>
<th>Raw materials Costs</th>
<th>Total Sales</th>
<th>*SGP</th>
<th>Change in SGP</th>
<th>Attributable</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
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<td>B</td>
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<td>TOTAL</td>
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</tbody>
</table>

* SGP = simplified gross profit

For product “A” what was the total amount for raw materials for the previous month? (continue for other products/services)

Do you have sales records for the past year? If yes, skip to and complete table below indicating that figures are from sales records. If no, continue with questions 4-7.

For product “A”, what was the total amount that you gained from sales for the previous month? (continue for other products/services)

Would you consider the previous month to be one of high sales, medium sales, or low sales? __________________

You stated that last month was a high ____, med ____, low ____ sales month, during the past year, what months were high ____, med ____, low ____ and what was the amount of sales for those months? (ask only for the two levels that do not relate to the past month’s level)

High $ ________ Medium $ ________ Low $ ________

Based on your explanation of high, medium and low sales months, how would you rate the remaining months for the previous year?
<table>
<thead>
<tr>
<th>Month</th>
<th>High Sales</th>
<th>Medium Sales</th>
<th>Low Sales</th>
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</thead>
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For (products that show significant increase in SGP), can you attribute this success to the services provided by Organization X? To what extent:

Totally ___  Quite a bit ___  Somewhat ___  Not attributed to Service ___
Baseline Survey for Assessing Impact

Control Number: ___________

Interviewer: ___________________________  Interview Date: ____________

A. **Demographic Information**

1. Name of Respondent: ___________________________

2. Address of Respondent: ___________________________

   _______________________________________________________________________

Location of Business: _______________________________________________________________________

Gender of Owner (at least 51%): Male ____ Female ____ Both (joint ownership) ____

Employees (include owner):

<table>
<thead>
<tr>
<th></th>
<th>Full Time</th>
<th>Part Time</th>
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<tr>
<td></td>
<td>Male</td>
<td>Female</td>
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<td>Paid</td>
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<td>Unpaid</td>
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<td>Trainee</td>
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<td>Other</td>
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This business contributes to what percent of the owner’s household income?

100% ____ 75% ____ 50% ____ 25% ____ Less than 25% ____

Approximate range of business sales (each organization should devise categories that represent micro, small and medium sized firms in their context)

Micro ______  Small ______  Medium ______

B. **Measurement Of Impact**

8. Is this business legally registered with appropriate authorities? Yes ____ No ____
   (each organization can determine the most appropriate authority)

Other demographic information that describes the organization’s target group of underserved markets: rural/urban, ethnicity, exporter, home-based, etc
I. Acquisition of Service

Customer Satisfaction

1. Did you obtain business development services from any organization in the past year?
   Yes _____ No _____

   If yes:

<table>
<thead>
<tr>
<th>Services Of Org</th>
<th>Price</th>
<th>Extremely Satisfied</th>
<th>Very Satisfied</th>
<th>Somewhat Satisfied</th>
<th>Not at all Satisfied</th>
<th>Explain for all Responses</th>
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II. Use of Service

Of the services obtained from Organization X (as listed above):

   Have you made use of that service?

   In what way(s) have you changed your business/technical practices as a result of the service? (Does this conforms to that defined by the BDS program?)

   Is this change directly attributed to the service obtained from Organization X?
   Yes ____ No ____

   If yes, is attribution primarily, secondarily related to the service provided by Organization X?

<table>
<thead>
<tr>
<th>Service</th>
<th>Made Use Of</th>
<th>Change (if none, explain)</th>
<th>Attributed to Service (P or S)</th>
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III. Service’s Benefit to Business

   What are the 5 top products or services that you provide?
For product “A” what was the total amount for raw materials for the previous month? (continue for other products/services)

Do you have sales records for the past year? If yes, skip to and complete table below indicating that figures are from sales records. If no, continue with questions 4-7.

For product “A”, what was the total amount that you gained from sales for the previous month? (continue for other products/services)

Would you consider the previous month to be one of high sales, medium sales, or low sales? ________________

You stated that last month was a high ____, med ____, low ____ sales month, during the past year, what months were high ____, med ____, low _____, and what was the amount of sales for those months? (ask only for the two levels that do not relate to the past month’s level)

High $ ________ Medium $ ________ Low $ ________

Based on your explanation of high, medium and low sales months, how would you rate the remaining months for the previous year?

<table>
<thead>
<tr>
<th>Month</th>
<th>High Sales</th>
<th>Medium Sales</th>
<th>Low Sales</th>
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<td>January</td>
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