



Promoting women-led small-scale enterprises

Practices and lessons from business
incubators and support centres
in developing countries

Alessandra Lustrati
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CONTENTS

Acronyms	4
Foreword and Acknowledgements	7
Chapter 1 – Introduction and reader’s guide	9
1.1 Why this publication?	11
1.2 Who are the readers?	»
1.3 What is covered in this publication?	»
1.4 Where does the information come from?	14
1.5 How and when can readers best use this tool?	»
Chapter 2 – Private sector development, gender and business incubation	15
2.1 A policy framework for private sector development and gender	17
2.1.1 ‘Business-enabling environment’, ‘investment climate’ and gender	»
2.1.2 ‘Business development services’ and gender	19
2.1.3 ‘Access to finance’ and gender	23
2.2 Business incubation: a method to promote women-led enterprises	27
2.2.1 A rapid history of enterprise incubation	»
2.2.2 How business incubation contributes to a broader enterprise development strategy	29
Chapter 3 – Women’s entrepreneurship development: AIDOS’ experience	33
3.1 Gender analysis in the promotion of micro and small enterprises	35
3.1.1 AIDOS’ holistic approach to women’s entrepreneurship development	38
3.1.2 The Italian experience: BIC and Impresadonna	40
3.2 The ‘Village/Virtual Business Incubator’ (VBI) model	»
3.3 AIDOS’ business incubation experience in the Middle East, Africa and Asia	43
3.3.1 Middle East: the Business Service Centre (BSC) in the Gaza Strip	44
3.3.2 Middle East: the Women Business Development Incubator (WBDI) in Jordan	46
3.3.3 Middle East: the Village Business Incubator (VBI) in Syria	48
3.3.4 Asia: the Business Service Centre (BSC) in Nepal	50
3.3.5 Africa: the Tanzania Virtual Business Incubator (TVBI)	52
Chapter 4 – How a VBI can support women-led micro and small enterprises	55
4.1 Role, structure and context of a VBI	57
4.2 The VBI cycle of support to women-led MSEs	59
4.2.1 Awareness raising	61
4.2.2 Orientation of potential and existing entrepreneurs	»
4.2.3 Business management training	62
4.2.4 Technical training	63
4.2.5 Product development and design	64
4.2.6 Business counselling	67
4.2.7 Marketing assistance	68

4.2.8	Finance facilitation	72
4.2.9	Business networking and business linkages	»
4.3	VBI training curriculum	73
4.3.1	Learning objectives	74
4.3.2	Outline of key topics	76
4.3.3	Training approach	78
4.3.4	Resources	80
Chapter 5 – How to establish a VBI		83
5.1	Consultations with the local stakeholders	85
5.2	Market study and stocktaking exercise	86
5.2.1	Market study	»
5.2.2	Stocktaking exercise	88
5.3	Baseline survey and targeting of VBI clients	»
5.3.1	Baseline survey	»
5.3.2	Targeting of VBI clients	89
5.4	Developing a partnership with the local implementing agency	90
5.5	Allocating resources: budgeting, staffing and logistics	93
5.5.1	Budgeting for a business incubator	»
5.5.2	Staffing a business incubator	94
5.5.3	Logistics of a business incubator	99
5.6	Induction and capacity building of VBI human resources	»
5.7	Development of training materials and other support tools	103
5.8	Setting up of a Management Information System	»
5.9	Promotion, communication and coordination	106
5.10	Monitoring and Evaluation	110
Chapter 6 – How to promote a VBI's sustainability		115
6.1	Planning for sustainability: the process	117
6.2	Capacity-building on sustainability concepts and mind-mapping	»
6.3	Multi-dimensional sustainability: framework and objectives	120
6.4	Assessing the sustainability potential of a VBI	122
6.4.1	Financial and economic sustainability	»
6.4.2	Organisational and managerial sustainability	132
6.4.3	Institutional sustainability	134
6.4.4	Technical and methodological sustainability	137
6.4.5	Socio-cultural sustainability	139
6.4.6	Developmental and policy-related sustainability	140
6.5	Resources and data for the sustainability study	»
6.6	Examples of VBIs' sustainability strategies: Syria, Jordan, Nepal, Tanzania	142
6.6.1	Promoting the sustainability of the VBI in Syria	»
6.6.2	Promoting the sustainability of the WBDI in Jordan	143
6.6.3	Promoting the sustainability of the BSC in Nepal	»
6.6.4	Promoting the sustainability of the TVBI in Tanzania	144

ANNEXES

I	Factsheets for the incubator projects	145
II	Business enabling environment: development interventions and gender relevance	155
III	Business development services: development interventions and gender relevance	163
IV	Access to finance for MSMEs: development interventions and gender relevance	167
V	Concept map of economic and financial sustainability (VBI level)	173
VI	Concept map of economic and financial sustainability (enterprise level)	177
VII	Concept map of organisational and managerial sustainability	181
VIII	Concept map of VBI team's plenary discussion on institutional sustainability	185
IX	Multi-product break-even analysis method	189
X	Examples of incubator organisational chart and job descriptions	193

APPENDIX

203

About AIDOS and its local partners	205
About the authors	209
Bibliography	210

ACRONYMS

ABMT	Advanced Business Management Training
ADR	Alternative Dispute Resolution
AfDB	African Development Bank
AIDOS	Associazione Italiana Donne per lo Sviluppo ¹
AIDS	Acquired Immune Deficiency Syndrome
AMT	Advanced Management Training
BBMT	Basic Business Management Training
BDS	Business Development Services
BEE	Business Enabling Environment
BIC	Business Innovation Centre
BIO	Business Intermediary Organization
BMT	Basic Management Training
BSC	Business Service Centre
CBO	Community-Based Organisation
CEDAW	Convention on the Elimination of All Forms of Discrimination Against Women
DCED	Donor Committee for Enterprise Development
E/BOT	Entrepreneurial/Business Orientation Training
EC	European Commission
E-BICs	European Business & Innovation Centres
ECOSOC	Economic and Social Council of the United Nations
EDS	Enterprise Development Strategy
EPZ	Export Processing Zone
EU	European Union
FBPWN	Federation of Business and Professional Women of Nepal
FIRDOS	Fund for Integrated Rural Development Of Syria
FP	Family Planning
GS	Gaza Strip
HIV	Human Immunodeficiency Virus
HR	Human Resources
HRBA	Human Rights-Based Approach
HRD	Human Resource Development
HRM	Human Resource Management
ICP	Information, Communication, Promotion
IC	Investment Climate
ICT	Information and Communication Technology
IFAD	International Fund for Agricultural Development
IFC	International Finance Corporation
IGAs	Income-Generating Activities
ILO	International Labour Organisation
IMED	Institute of Management and Entrepreneurship Development
INGO	International Non-Governmental Organisation
INSTRAW	International Research and Training Institute for the Advancement of Women
IP	Implementing Partner
ITC	International Trade Centre
LSE	London School of Economics

¹ Italian Association for Women in Development

M&E	Monitoring and Evaluation
MDGs	Millennium Development Goals
MEs	Micro-Enterprises
MES	Minimum Efficient Scale
MENA	Middle East and North Africa
MFI	Microfinance Institutions
MIS	Management Information System
MoPIC	Ministry of Planning and International Cooperation
MoU	Memorandum of Understanding
MSEs	Micro and Small-scale Enterprises
MSMEs	Micro, Small and Medium-scale Enterprises
NGOs	Non-Governmental Organisations
NHF	Noor al Hussein Foundation
OECD	Organisation for Economic Cooperation and Development
P2L	Passport to Learning
PARC	Palestinian Agricultural Relief Committees
PD&D	Product Development and Design
PSD	Private Sector Development
Q&A	Questions and Answers
R&D	Research and Development
RH	Reproductive Health
ROI	Return on Investment
SD&D	Service Development and Design
SEZ	Special Economic Zone
SIDO/WED	Small Industries Development Organisation/Women Enterprise Development
SMEs	Small and Medium Enterprises
SPS	Sanitary and Phyto-Sanitary
SROI	Social Return on Investment
SWOT	Strengths, Weaknesses, Opportunities, Threats
TA	Technical Assistance
TBT	Technical Barriers to Trade
TGT	Tanzania Gatsby Trust
ToR	Terms of Reference
ToT	Training of Trainers
TVBI	Tanzania Virtual Business Incubator
UN	United Nations
UNDP	United Nations Development Programme
UNECA	United Nations' Economic Commission for Africa
UNFPA	United Nations' Population Fund
VBI	Village/Virtual Business Incubator
VDCs	Village Development Committees
WB	World Bank
WBDI	Women Business Development Incubator
WHCC	Women Health Counselling Centre
WIW	Women Information Window

FOREWORD and ACKNOWLEDGEMENTS

Women in developing countries face multiple challenges when setting up or developing local businesses. Poor access to information, inputs, skills, finance and markets affect women disproportionately due to gender-related barriers at different levels: the household, the community, the institutions and the economy at large. This situation limits the life choices and constrains the creativity of a vast population, while leaving an enormous amount of entrepreneurial and productive potential untapped. Smart, gender-sensitive and context-relevant solutions are needed to enhance and valorise women's contribution towards pro-poor growth through generating local wealth and sustainable employment.

Determined to find such solutions, AIDOS and its partners – with the support of IFAD and other international donors – have worked since 1995 with local communities and organisations in the Middle East, Africa and Asia to design, test and implement innovative models of business incubation that foster female entrepreneurship through a holistic and inclusive approach. Thanks to this process, village-based 'virtual business incubators' (VBIs) and business support centres have been established in Palestine, Jordan, Syria, Tanzania and Nepal, to provide local women with better access to tailored business development, to help them develop new products and services, to facilitate their access to enterprise finance and to connect them more effectively to the relevant markets.

This publication charts the journey of AIDOS and its partners through the different stages of designing, establishing and building the sustainability of a VBI. The book also offers a detailed explanation of the VBI methodologies and services, while introducing the readers to the key needs, potentials and dynamics of women-led enterprises through real-life examples. I therefore hope that the users of this publication will find it inspirational as well as practical when addressing issues related to female entrepreneurship and to women's role in the economy of developing countries.

On behalf of AIDOS, I would like to acknowledge IFAD's precious partnership and financial support for the business incubation projects in Palestine, Jordan and Syria - and also specifically for the production of this publication. We also extend our gratitude to the implementing partners PARC, NHF, STfD/FIRDOS, FBPW and TGT, for their excellent contribution towards the success of our joint projects, to the international project coordinators and to the independent experts identified and overseen by AIDOS to support the VBIs and the local entrepreneurs. We also recognise and celebrate the skills and dedication of the VBI teams, as well as the achievements of a multitude of inspirational businesswomen supported by our incubators and business centres. Finally, a word of thanks goes to the editor and authors of this publication, for having distilled their specialist knowledge and their first-hand experience of the VBIs into a tool that will hopefully contribute to other successful initiatives in support of women-led enterprises in developing countries.

Daniela Colombo
President
AIDOS

Rome, March 2012



Chapter 1

Introduction and reader's guide

1.1 Why this publication?

This publication was designed by its authors ¹ and by the involved institutions ² with the aim of documenting, explaining and disseminating a particular model for the promotion of female entrepreneurship: the Village/Virtual Business Incubator (VBI). ³

Given this premise, the rationale of the publication is two-fold:

- a. strengthening the capacities of those development stakeholders (in the government, non-profit and private sectors) that are setting out to establish or upgrade business incubators and business development centres for women-led enterprises;
- b. sharing with development practitioners, donors, policy-makers and researchers a successful experience of international cooperation that thrived on continuous exchange and mutual learning by its key stakeholders, i.e. the Italian Association for Women in Development (AIDOS), its local implementing partners in Palestine, Jordan, Syria, Nepal and Tanzania, and the incubators' co-funders – in particular IFAD (the International Fund for Agricultural Development).

The remaining sections of this chapter provide other introductory elements, i.e. *who* is included in the book's primary audience, *what* is covered by the different parts of the book structure, *where* the information comes from, as well as *how* and *when* to use such information.

1.2 Who are the readers?

The publication takes the shape of a methodological tool addressed primarily to users from NGOs and funding bodies, planners and managers in government agencies, specialized trainers and service providers, who are committed to promote women entrepreneurship development, women's empowerment and gender equity. Table 1.1. provides further details on the audience segmentation by function (knowledge management and communication).

1.3 What is covered in this publication?

In terms of its *scope*, this publication provides an overall step-by-step explanation of the VBI model and its variations by making specific reference to the experience of AIDOS and its partners in Palestine, Jordan, Syria, Nepal and Tanzania.

As for its *structure*, the book first of all places women's entrepreneurship promotion within the broader framework of Private Sector Development (PSD). After explaining the key PSD objectives, policies and methods, it proceeds to illustrate different models of enterprise support and to detail the one that represents the publication's *central theme: the Village/Virtual Business Incubator*. In doing so, the publication examines the services delivered to local businesswomen through the VBI model, the resources and approaches needed to establish an incubator of this type, and the implications for its sustainability.

Table 1.2 provides a concise '*reader's guide*' that lists the key topics and their location in the book. The reader will also find an abstract of each chapter in its opening section.

¹ Brief profiles of the authors are included in the Appendix.

² A presentation of AIDOS and its partner organisations is included in the Appendix.

³ ANNEX I includes fact-sheets for the incubators and business support centres established by AIDOS and its partners in Palestine, Jordan, Syria, Nepal and Tanzania.

TABLE 1.1 Publication's functions and readers

FUNCTIONS	<u>Knowledge management</u> Practical tool for project design and source of technical know-how	<u>Communication</u> Awareness raising, information sharing and promotion
READERS	Managers and specialised staff of development projects or programmes involved in micro-enterprise development, with particular reference to those working on women entrepreneurship	International donors and development agencies providing funding and support on private sector development, SME promotion and women entrepreneurship
	International and local NGOs, CBOs and other non-profit organisations involved in SME development, including their in-house experts	Government bodies (ministries, agencies) mandated with local economic development, rural development and gender equity
	Existing business incubators and business support centres aiming to enhance their methodologies for enterprise promotion	Microfinance institutions and development banks exploring non-financial development services that are complementary to their financial products
	Independent enterprise development practitioners and gender experts working in developing countries	Researchers and academics interested in the themes of women entrepreneurship, business incubation, international cooperation and sustainability of development interventions

TABLE 1.2 Reader's guide

Topics	Locations
<ul style="list-style-type: none"> • <i>Private sector development</i>: policies and interventions at macro-meso-micro level, with particular reference to the gender dimension • Small enterprise support and promotion of women entrepreneurship: different methods and approaches • Business incubation models as a particular way of stimulating and strengthening women-led enterprises • Key features of the Village/Virtual Business Incubator (VBI) 	<ul style="list-style-type: none"> – Chapter 2 – Chapter 3 (for further details on the VBI method as applied by AIDOS and its partners) – Annexes (on BEE, BDS, Access to Finance)

<ul style="list-style-type: none"> • How <i>gender analysis</i> can inform methods of developing women-led MSEs • Overview of the experience of AIDOS and its local partners in setting up <i>business incubators for women-led enterprises in Palestine, Jordan, Syria, Nepal and Tanzania</i> 	<ul style="list-style-type: none"> – Chapter 3 – Annexes (fact-sheets on incubator projects and profiles of local partners)
<ul style="list-style-type: none"> • Explanation of the <i>functions and services</i> of a VBI, including an 'input-output analysis' • Description of the enterprise support cycle in the VBI system • Methodology and practical examples of VBIs' activities and services: awareness-raising in the local community, orientation of (potential and existing) entrepreneurs, business management training, technical training, product design and development, business counselling, marketing assistance, facilitation of access to finance, business networking, etc. • Detailed description of the VBI's own training curriculum including the learning objectives, the outline of the key topics, as well as recommended training approaches and resources needed 	<ul style="list-style-type: none"> – Chapter 5 – Annex including an example of incubator organisational chart, staff profiles and job descriptions
<ul style="list-style-type: none"> • Explanation of integrated approach to sustainability for the VBIs • Description of sustainability planning process • Advice on how to address the key dimensions of sustainability: <ul style="list-style-type: none"> – Financial and economic – Technical and methodological – Managerial and organisational – Institutional – Socio-cultural – Developmental and policy-related 	<ul style="list-style-type: none"> – Chapter 6 – Annexes including concept maps on different dimensions of sustainability – Annex containing guidance on multi-product break-even analysis
<p>Additional information and sources on MSE promotion, business incubation and women's entrepreneurship</p>	<ul style="list-style-type: none"> – Bibliography – References within the chapters

1.4 Where does the information come from?

The key source of the original information and primary data analysed in this publication is represented by the written documentation from the business support centres' and incubators' projects designed and implemented by AIDOS in collaboration with donors and local partners in Palestine, Jordan, Syria, Nepal and Tanzania. This body of work includes project proposals, reports by project teams and external experts (including market assessments, sustainability plans and other specialist studies), as well as incubator-level training materials, enterprise analyses, product catalogues, MIS and other tools.

Additionally, reference is made to relevant resources from other organisations and authors with regard to private sector development, women entrepreneurship, MSE promotion and business incubation. These are meant to illustrate the broader framework for women-led enterprises in developing countries, within which the specific VBI model has been tested.

Both sets of sources are referenced in the respective chapters and in the Bibliography in the Appendix.

It should also be noted that the authors of the publication have been directly involved in the design, implementation and monitoring of the above-mentioned initiatives, which lent them a unique perspective on elaborating and synthesising the information presented in this book. The authors, however, also had to face the challenge of selectivity and brevity imposed by the limits of space and scope of the publication: they have therefore attempted to extrapolate the key features and present the essential information for each aspect of the VBI model, with the aim of sharing useful know-how and providing appropriate guidance (where applicable) to the users identified in the section 1.2 above.

A wealth of additional detail on the history and performance of the VBIs described in this publication is available from AIDOS, from its local partners and from the incubators.

1.5 How and when can readers best use this tool?

Taking into account the main rationale and the key audience for this publication, readers will be best served by looking at the VBI model as *one* of the potentially effective and sustainable ways to support women-led enterprises in developing countries. The book can be used as a 'methodological tool' to consider key responses to the challenges faced by women small-scale entrepreneurs, their communities and the local markets they participate in. However, a certain degree of caution should be exercised: while the VBI model has been successfully tested in different countries, 'blueprint' replication should be avoided as each different context (e.g. country, market, client enterprises) calls for careful adaptation of the model or might demand a different solution altogether.

The above recommendation is further reinforced by two principles that have inspired this publication:

- emphasis on good practices and lessons learnt on women's entrepreneurship promotion through incubation, but no indication of a 'one-size-fits-all' recipe;
- knowledge sharing of the key features in the VBI model as a whole, complemented by specific examples of the VBI (or BSC) 'variants' in different countries to provide diversity of perspective.

Given the above premise, those readers that intend to use this publication as a practical tool might find it particularly useful during the assessment and design phases of interventions in support of women-led enterprises. Should a similar model be adopted, the book can also prove useful in guiding the stakeholders during the setting up, resourcing, sustainability planning and monitoring of an incubator (or business service centre). More generally, the information included in the publication, can be used as a benchmark when comparing different forms of integrated BDS for businesswomen in developing countries.



Chapter 2

Private sector development, gender and business incubation

The promotion of women's entrepreneurship is embedded in the process of local economic development, and is affected by the status of gender roles in the business arena. A broad understanding of the policy framework for Private Sector Development (PSD) - and of its relevance to women's participation in agriculture, industry and trade - are therefore essential in the work of those organisations and practitioners committed to promote women-led businesses.

This first part of this chapter outlines the main components of the PSD framework at the key intervention levels (macro, meso, micro - as summarised in Table 2.1), and highlights the relevant gender aspects for each objective and type of development intervention. The chapter's second part then focuses on one particular approach to the promotion of women's entrepreneurship: 'business incubation', the central theme of this publication. Section 2.1 reviews the different incubator models and explains how incubation fits within a broader 'enterprise development strategy' (EDS). This information will help the reader to place in the appropriate context the specific experiences of women's business incubation illustrated in Chapters 3 to 6 of this publication.

2.1 A policy framework for private sector development and gender

2.1.1 'Business-enabling environment', 'investment climate' and gender

A dynamic economy and thriving enterprises need a 'business-enabling environment' (BEE).¹ This includes all those policies, strategies, laws, regulations and relevant institutional arrangements that directly affect the way of doing business in a country or region, for enterprises of a certain scale (e.g. SMEs), for particular social groups (e.g. women), for specific sub-sectors of the economy (e.g. agro-processing) or across the board for the whole private sector.² The related but broader concept of 'investment climate' (IC) also includes (besides the core BEE elements): rule of law, political stability and security, functioning financial/investment markets, trade policies and international rules and standards, health and education systems, infrastructure relevant to enterprise and markets.

Research and practice have shown that, in most countries and industries, women in the private sector (as existing or potential entrepreneurs) may find themselves disproportionately affected by the over-complexity and dysfunctions of the business environment. This is due to the specific features and potential bias of the latter; or, at times, to women's limited access to the

¹ For an internationally-validated definition of BEE, see DCED – Donor Committee for Enterprise Development, "Supporting Business Environment Reforms – Practical Guide for Development Agencies", 2008. <http://www.enterprise-development.org/page/ber>

² At the legal and regulatory level, BEE refers to issues of registration, patenting, licensing, taxation, contract enforcement, bankruptcy, competition, etc. In particular, the 'regulatory' business environment covers regulations that immediately affect businesses through the costs of compliance. These are composed of direct costs, such as license fees, and indirect costs resulting from redundant transactions (e.g.: transaction costs arising from the time spent in obtaining a license).

TABLE 2.1 PSD framework: objectives and intervention levels³

Intervention levels	PSD objectives
Macro	Improving the Business Enabling Environment and Investment Climate in the national and local economy to facilitate private sector-led broad-based economic growth
Meso	Strengthening the capacity of business/trade associations, BDS providers and financial institutions serving and representing local enterprises
Micro	Supporting the start-up and growth of local businesses (e.g. MSMEs) by enhancing their access to markets and to financial and non-financial business promotion services



³ Adapted from J. ten Bloemendal, A. Lustrati, & S. Pagliaro – “The use of technical assistance in the private sector development programmes of the European Commission”, PSD Journal, Proparco/AFD, Paris, July 2011. http://www.proparco.fr/webdav/site/proparco/shared/ELEMENTS_COMMUNS/PROPARCO/Revue%20SPD%20vraie/PDF/SPD%2011/Proparco%20SP%26D_11_UK_WEB_210711.pdf

information, skills and assets needed to operate in the enterprise economy. Differences between male and female entrepreneurs' performance within a specific business environment may be larger or smaller, depending on the BEE component being considered - and on its context.⁴ However, most research findings point to the importance and benefits of addressing business environment reforms through a gender lens from the very first phase of project design.

It is therefore important to note how specific aspects of the business-enabling environment (and selected elements of the investment climate) may have significant gender relevance. Appropriate reforms and interventions to improve the above-mentioned policy and legal-regulatory elements, together with the strengthening of relevant institutions, may have a significant impact on the performance of women-led enterprises: this should be taken into due account when designing interventions that aim to support women's entrepreneurship. The key components of BEE and their gender relevance are detailed in ANNEX II.

2.1.2 'Business development services' and gender

Weak business performance of local small-scale enterprises typically hinders economic development. Numerous enterprise surveys identify 'business development services' (BDS) as a crucial form of support to small businesses, especially in developing countries and transition economies. In order to explore the gender implications of diagnosing and addressing gaps in BDS delivery, it is essential to adopt a gender-sensitive approach to programme design. This is first of all based on a basic understanding of: (a) what is meant by 'business development services' for MSMEs, and how these services can be particularly strategic in the support to women-led (existing or potential) enterprises;

(b) which issues and stakeholders are typical of this area of intervention, with specific reference to those that have key implications for women in business; (c) the types and levels of intervention to be considered when designing programmes to promote women's entrepreneurship, in order to specifically reduce the gender gap in the access to appropriate BDS.

The text below provides: key definitions; a systematisation of the needs for BDS and the relevant models of response; an outline of the key stakeholders; and a brief discussion of the gender dimension of BDS:

• Definition of 'business development services' (BDS)

In the context of private sector development, the term 'business development services' (BDS) refers to a wide range of non-financial services provided by public or private, local or international, non-profit or commercial suppliers (the 'BDS providers') to micro, small and medium enterprises (MSMEs) in the domestic and export-oriented markets. Enterprises seek access to BDS in order to improve their performance in different stages of the business life-cycle (including start-up, consolidation and expansion).

A distinction can be made between 'operational' and 'strategic' BDS. Operational services are those needed for day-to-day operations, such as basic business management skills, information and communication, operational management, keeping of accounts and tax records, compliance with labour laws and sector-specific regulations. Strategic services are used by the enterprise to address medium and long-term issues in order to enhance the competitiveness of the enterprise and its ability to access domestic and international markets. For example, strategic services can help the enterprise to identify and target markets, update its business plan, design new products and services, improve its branding and market positioning, upgrade facilities and seek financing.

The specific types of services on offer in a functioning BDS market are determined by the demand from the relevant enterprises as well

⁴ IBRD (2008), Bardasi, E., with M. Blackden, J.C. Guzman, "Gender, entrepreneurship and competitiveness in Africa". <https://members.weforum.org/pdf/gcr/africa/1.4.pdf>

as the supply-side capacity on the part of the BDS providers. This is usually a dynamic market process, and the role of development agencies and donors active in private sector development might considerably affect that market, especially in its early stages of evolution.⁵

- **Range of BDS models in response to business development needs and challenges**

As mentioned above, small enterprises in developing countries and transition economies face multiple challenges with regard to their business performance. Looking at the essential elements in the planning, production and distribution cycle can help development agencies to identify the key drivers to be addressed and to design the relevant BDS (see Table 2.2 for an overview). Several of the BDS types mentioned below can also be part of comprehensive value-chain development interventions.

- **Key BDS stakeholders and delivery approaches**

With reference to the business drivers and service typology indicated in Table 2.2, the key stakeholders in the process of BDS provision are outlined below:

- BDS sponsors and promoters: Government, donors, corporations (the latter within their operational sector)
- BDS providers and facilitators: public (e.g. MSME development agency), private (e.g. local private training consultancy), non-profit (e.g. business intermediary organisations, chambers of commerce, NGOs specialised in small business development); buyers and traders

within their supply chains.⁶

- BDS users: individual entrepreneurs, MSMEs, enterprise clusters.

Given the range of involved stakeholders, it is also important to consider the two key approaches to BDS delivery, i.e. *'traditional'* (direct delivery of BDS to MSMEs through a development intervention, therefore mainly involving development donors and agencies) and *'market development'* (capacity building and institutional strengthening of BDS providers, and facilitation of relevant markets, therefore involving local private providers alongside the funding agency and the organization contributing to the capacity building of the local providers).

The main assumption of the market development approach is that there is a minimum level of presence of local BDS providers as well as the awareness of and propensity to use and 'buy' BDS by local enterprises. The traditional approach towards BDS is mainly applied where the local market of BDS providers is not yet developed or has deteriorated (e.g. low capacity or absence of BDS providers, very limited or non-existing commercial demand on the MSME/client side) as for example in post-conflict countries and fragile states.

- **Gender dimension of BDS**

The design and delivery of BDS is probably the component of MSME development that needs to be tailored more directly and continuously to the specific needs of women entrepreneurs. Working on the Business Enabling Environment (BEE) with a gender focus means improving the legal and regulatory framework for business with a particular attention to those elements affecting the participation of women in the private sector; and enhancing women MSMEs' access to finance relates to the design of gender-sensitive financial products adequate to and the strengthening of the relevant financial institutions. All of the above is extremely important for a thriving local economy in which women have a fair chance to

⁵ Adapted from the Thematic Review on Business Development Services in "Trade and Private Sector Policy and Development" - Reference Document No. 10, Tools and Methods Series, European Commission, Brussels, Nov 2010, ISBN: 978-92-79-15424-9, <http://capacity4dev.ec.europa.eu/topic/private-sector-trade-regional-integration>

⁶ It should be noted that business incubators are included in this category and could be public, private or non-profit depending on their origin, evolution and strategy.

TABLE 2.2 Business performance drivers and types of Business Development Services⁷

Business performance driver	BDS typology.
<i>Market information</i>	Access to market data, including for international trade; targeted market research; customer segmentation; customer feedback surveys.
<i>Product development and access to technology</i>	Product design and adaptation; technology information; technology transfer and commercialization; equipment upgrade; relevant technical skill development (applicable also to service development as relevant).
<i>Procurement</i>	Information on input supply features, pricing and sources; facilitation of input supplier – entrepreneur linkages; facilitation of bulk buying (joint procurement) groups.
<i>Training, technical assistance and advisory (strategic and operational aspects of business, generic or sector-specific)</i>	Business incubation for start-ups; feasibility studies and business plans; business counselling; coaching, mentoring and twinning of existing MSMEs; management training (including business and production process management); technical training related to production or service delivery; legal and taxation advice; accountancy, book-keeping and inventory management.
<i>Facilitation of access to finance</i>	Linking businesses to banks, micro-finance institutions and other non-banking financial institutions serving MSMEs (leasing and factoring companies, export credit agencies, etc.); providing information on credit schemes and their terms; assist in business planning for loan applications.
<i>Market access</i>	Trade fairs, product exhibitions and buyer-seller meetings (business-to-business match-making); advertising; packaging and labelling design; facilitation of subcontracting and outsourcing; access to information and know-how on quality standards for national and export markets.
<i>Distribution, transport and communication</i>	Storage and warehousing; transport and delivery; ICT services.
<i>Policy advocacy and industry representation</i>	Industry platforms, representation of industry interests in public-private dialogue for policy reform (e.g. on regulations affecting business, or on trade policy).

⁷ Adapted from ILO (2003), "BDS Reader: Developing Commercial Markets for Business Development Services, BDS Primer" by Miehlbrandt, A. and MacVay, M. for ILO SEED. http://www.ruralfinance.org/fileadmin/templates/rflc/documents/ILO_BDS_Primer_pdf.pdf

actively and gainfully participate. However, the improvement of the overall environment and the access to financial resources need to be complemented by very intensive and continuous work on the various aspects of business development (e.g. information, technical and managerial skills, product/service innovation, marketing, etc.) that considerably affect women's performance in the private sector. It is in this area that development agencies - and other public and private actors involved in BDS design and delivery - encounter day-to-day challenges, i.e. in making their services appropriate, accessible and affordable for the particular situation of women entrepreneurs.

When designing, promoting or implementing BDS in any of the areas mentioned in Table 2.2, it will therefore be essential to take the following factors and challenges into account, in order to make services flexible, adaptive and as gender-sensitive as possible:

- Role of the woman entrepreneur in her community - Depending on the context, a woman might have to straddle several roles, which typically include productive, reproductive, care and integrative/ community-level roles. This situation calls for gender-sensitive design/ organisation of business support activities like trainings, workshops, and exposure visits, to be compatible with the multiple responsibilities that in developing countries most women carry without any substantial form of support from public services and social infrastructure.
- Socio-cultural factors and local gender and power relations - Ingrained cultural norms related to the role of women in society and in the economy, as well as the local 'political economy' of gendered access to resources and opportunities, need to be taken into careful account when designing or delivering BDS. It is particularly important to assess the situation in a participatory manner and hold inclusive consultations, so that services can be offered and promoted for women MSMEs with the buy-in and support from the overall community and

local social structures. Should there be social norms that affect mobility and independence of women entrepreneurs, the BDS providers should devise mechanisms to make support flexible and culturally acceptable (this would influence for example decisions on timing, location, staffing and modality of business incubation, training, counselling, coaching and mentoring).

- Relegation of women to traditional activities and to economic sectors that are low value added, low technology, non-innovative. This is often the case in many developing countries and transition economies. In order to tackle this challenge and tap into the resources of women's creativity and resilience in business, the BDS stakeholders should explore ways to encourage and promote the participation of women in more productive and innovative sectors of the economy, especially at the formalised SME level. This attitudinal shift often calls for positive investment at the national policy level (with gender-sensitive measures on technical education, entrepreneurship development and access to assets in industry and agriculture), but also needs to be facilitated by the local availability of suitable BDS tailored to high-potential sectors and women's participation therein (e.g. by providing ICT training to close the gendered digital gap, or by nurturing women-led MSMEs through dedicated incubators focusing for example on value-added design-intensive enterprises and/or export-oriented trade).
- Policy-level and media representation of women entrepreneurs - Women often have less access than men to high-profile communication and advocacy opportunities. Women-based BDS providers and business intermediary organisations (BIOs, e.g. representative organisations such as chambers of commerce and industry, business associations and networks) can be instrumental in giving voice and an adequate platform to women-led MSMEs,

so that these can advocate for more equal opportunities in the business sector and influence the local and national policy agendas on industry, agriculture, trade, education and research. In this context, BDS such as training and mentoring in leadership and negotiation skills, public speaking and presentation skills, as well as membership mobilisation and association management, can make a substantial difference in the role of women business leaders in the local and national economy of developing countries.

ANNEX III includes a detailed outline of BDS-related interventions at macro, meso and micro levels, with reference to specific areas of activity and their respective gender relevance.

2.1.3 'Access to finance' and gender

Inadequate access to finance for private enterprises typically hinders economic development. Numerous enterprise surveys identify access to finance as one of the most common challenges faced by businesses, especially for the small-scale ones in developing countries and transition economies.

This section focuses on the gender dimensions of access to finance for SMEs - principally in the formalised economy; it also makes a brief reference to the relevance of microfinance for women-owned (existing and potential) micro-enterprises - mainly in the informal economy. The text below provides key definitions and a systematisation of the causes of limited access to finance, while ANNEX IV contains a table description of the possible levels and types of intervention to enhance financial access, with their respective gender relevance.

In order to explore the gender implications of diagnosing and addressing gaps in access to finance, it is essential to adopt a gender-sensitive approach to programme design. This is first of all based on a basic understanding of: (a) what is meant by 'access to finance' for MSMEs, and how this often represents

a particular hurdle for women (existing or potential) entrepreneurs; (b) which issues and stakeholders are recurrent in this sector, with specific reference to those that affect women the most; (c) the types and levels of intervention to be considered when designing development initiatives, in order to specifically reduce the gender gap in the use of appropriate financial services and products.

• Definition of 'access to finance'

In the context of private sector development, 'access to finance' relates to the provision of capital for enterprises through two main mechanisms, i.e. 'equity' and 'debt' financing. The latter case (often addressed in development interventions aimed at supporting small businesses) includes a wide range of financial products and services, e.g. loans, leases, savings, payments, insurance, overdraft facilities, factoring, letters of credit and other forms of trade finance, value chain finance.

• Challenges in 'access to finance'

In developing countries and transition economies, access to finance is typically constrained by gaps in frameworks, capacity and infrastructure at the levels of government, financial institutions and finance users. The main issues to be addressed are summarised below:

- Restrictive financial sector policies and regulatory frameworks: these frequently work against the ability of commercial financial institutions to serve MSMEs. Supervisory and capital adequacy requirements often prevent banks from lending to enterprises that lack traditional collateral.
- Financial market structure and competition policy: in many countries, lack of competition in the banking sector reduces pressure on banks to reach out to MSME client segments. In some transition economies, the crowding out of the private sector by the public sector may further limit supply.
- Management and technical capacity of banks and other financial institutions, including for risk assessment: whether real or perceived, high risk and high

transaction costs associated with bank lending to MSMEs constrain access. This is due to the absence of reliable information about MSMEs (e.g. financial statements, business plans, credit history) and to the lack of capacity to tailor financial services to specific needs of MSMEs.

- Limited outreach of financial service providers: access to finance in rural areas and by the poorest strata of the population is often lacking in developing countries, mainly due to regulatory requirements biased against lending to the poor for lack of collateral, as well as to comparatively high costs of infrastructure and service delivery when serving geographically dispersed populations.
- Limited capacity of MSME clients in dealing with financial service providers, as well as limited support available to MSMEs to access information on the most appropriate institutions and products, and to prepare relevant documentation (e.g. business plans and loan applications).

A systematisation of the causes of limited access to finance is provided in Table 2.3.

• Key stakeholders in 'access to finance'

In line with the challenges identified above, the key stakeholders in the process of finance provision and access are those outlined below:

- *Government*: usually the ministries of finance and economy, as well as the central bank and, if different, the regulator or supervisory authority (for non-banking institutions)
- *Financial institutions*: banks, specialised companies (leasing, factoring, insurance) and other financial institutions and their networks, service providers for the industry (e.g. rating agencies, training and technical assistance bodies) and financial infrastructure (credit bureaus, collateral registers).
- *Clients*: individual entrepreneurs, SMEs, intermediary organisations.

• Gender dimension of 'access to finance'

Access to finance is commonly considered as

a gender-based barrier. It is quite intuitive to observe how the constraints on access to finance reviewed in the above sections may pose specific challenges to women-owned enterprises, at framework, institution, infrastructure and client levels. Examples of barriers faced by women entrepreneurs include:

- Norm/rule-based barriers - Legal obstacles, such as lack of personal identification documents held by women; lack of collateral, as property is often registered under the husband's name; need to obtain husband's permission or counter-signature; other socio-cultural barriers and negative pressures that may jeopardise women's attempt to strengthen their financial independence.
- Gaps and bias in the financial sector capacity/attitude - Higher default risk perceived by banks due to limited information about performance of women entrepreneurs, lack of confidence by (often male) loan officers in women entrepreneurs, etc.

Access to finance initiatives can attempt to address at least some of the above barriers by incorporating activities that tackle gender issues (e.g. through training, awareness-raising and advocacy of key stakeholders). In order to significantly reduce the gender gap in access to finance, the above issues need to be mainstreamed into all relevant activities, and require an analysis of gender issues as from the design stage. Monitoring indicators on financial access should be disaggregated by gender. Initiatives aimed at inducing policy, institutional or cultural changes that address structural impediments to women's access to financial services include, for example, projects that improve women's inheritance rights and their access to typical collateral resources such as land and other property. This type of intervention can be challenging and at times politically or culturally sensitive. There are however some good practices and successful cases in this area, as for example those initiatives that educate women on documentation requirements and help them to get identity documents and legal assistance useful for financial access.¹⁰

TABLE 2.3 Causes of limited access to finance in developing countries⁸

Markets and Institutions	
<i>Informational asymmetry</i> between small businesses and lenders or investors, leading to market failures and disincentives	
<i>Adverse institutional factors</i> (inappropriate banking regulations; lack of creditor, investor and client protection; weak information infrastructure such as credit bureaus; ineffective payment systems ⁹)	
Demand	Supply
(Real or perceived) <i>higher risk</i> associated with small-scale activities	Sizeable <i>transaction costs</i> in handling SME financing
<i>Lack of collateral</i> and guarantees	Relatively <i>high interest rates</i> (to cover costs and risks)
SME's limited skills in submitting <i>business plans</i> or loan applications	<i>Lack of capacity</i> in dealing with SMEs, <i>limited SME lending portfolios</i>



⁸ Adapted from the Thematic Review on Access to Finance in "Trade and Private Sector Policy and Development" Reference Document No. 10, Tools and Methods Series, European Commission, Brussels, Nov 2010, <http://capacity4dev.ec.europa.eu/topic/private-sector-trade-regional-integration>

⁹ *Credit bureaus* and credit rating agencies provide information on individual borrowers' borrowing and bill paying records, thereby helping lenders to assess credit-worthiness and the ability to pay back a loan. By reducing risk for lenders, credit bureaus can positively affect the interest rate and other terms of loans. *Payment systems* are used to settle financial transactions within and between financial institutions. They typically include the physical or electronic infrastructure and associated procedures and protocols.

• **Microfinance: a solution to women's 'access to finance'?**

Support to sustainable microfinance means developing domestic financial systems that work for the poor and for those population segments that are not served by banks and other conventional financial institutions, for example women-led small-scale entrepreneurs. To do so, it is necessary to strengthen local providers of financial services to poor populations (microfinance institutions, MFIs), enhancing their networks and the relevant financial industry infrastructure. It is also essential to set up appropriate regulatory frameworks in order to improve their outreach, efficiency and sustainability. Lack of institutional and technical capacities especially at the level of banks and microfinance institutions (MFIs) is one of the main bottlenecks for developing domestic financial systems that serve the poor.¹¹

The core rationale for the provision of microfinance is poverty reduction. Since women often constitute the most vulnerable population segment and enjoy a reputation for rigorous payment discipline and for investing available resources in the well-being of their households, numerous microfinance programmes specifically targeted women (starting with the pioneering micro-credit models, such as the Grameen group-based lending and the use of social collateral). These initiatives often have a positive impact on women's situation and their environment. It should be noted that most microfinance products (including more recently savings and insurance) are geared either towards household consumption or to rather basic income-generating activities.¹² Furthermore, in response to the limited outreach

of traditional financial service providers both in rural and urban areas, the microfinance approach was also developed as a source of finance for micro-entrepreneurs and some smaller enterprises, often run by women. However, this system in most cases cannot fully support MSEs as micro-loans' size and terms (e.g. repayment schedule) are usually inadequate to their financial needs. Micro-loans may be at times useful for working capital and to help with liquidity management, but they are mostly unsuitable to support investment (e.g. acquiring equipment, which requires longer term loans with sufficient grace periods or other types of financial products like lease) and are rarely tailored on the seasonality of specific productive activities (in the rural context).

Therefore, to give women entrepreneurs the opportunity to invest in the stabilisation and expansion of their small and medium-scale formal businesses, substantial work needs to be done in the wider context of access to MSME finance (as microfinance provides only a partial response, and mainly limited to informal micro- and small-scale businesses with limited growth potential). In particular, the efforts of development interventions to address the 'missing middle' in the financial sector of developing countries need to be directed more systematically towards reducing gender-based barriers at every level (as also indicated in ANNEX IV).

¹⁰ One of these projects was supported by GIZ (then GTZ) in Egypt, as quoted in USAID, "Enhancing women's access to markets: an overview of donor programs and best practices", Oct 2005.

¹¹ See the "Good Practice Guidelines for Funders of Microfinance" endorsed by the members of the Consultative Group to Assist the Poor (CGAP) at <http://www.cgap.org/publications/good-practice-guidelines-funders-microfinance>

¹² Lustrati, A., "Women entrepreneurship in 2005, International Year of Micro-credit", AIDOS News, IX/n. 3, July-Sept 2005. <http://www.aidos.it/ita/pubblicazioni/index.php?idPagina=154>

2.2 Business incubation: a method to promote women-led enterprises

As outlined in the above overview of the policy framework for Private Sector Development (PSD) and Gender, there is a broad spectrum of interventions that can be designed and implemented by stakeholders in order to promote viable and sustainable enterprises in thriving markets. Within this rich 'menu of options', **business incubation** occupies a significant space due to its integrated approach to business development, its ability to adapt to local needs and its potential for sustainability.

Given the focus of this publication on specific incubation experiences for women-led enterprises in various developing countries, this section provides an outline of the evolution in business incubator models, as well as indicating where incubation fits within the broader PSD framework.

2.2.1 A rapid history of enterprise incubation

Incubators generally aim at supporting would-be entrepreneurs during the business start-up phase in order to make their enterprises viable and sustainable after 'graduation'. Business incubators constitute one of the multiple avenues chosen by enterprise development programmes, in industrialised countries as well as in the developing countries and in those characterised by economies in transition.

A business incubator is indeed only *one* of the possible methods of enterprise development, but is a particularly complex and integrated mechanism. It is essentially a service centre that 'incubates' and 'nurtures' small businesses, organized as a time-limited support system of specialized services aimed at assisting young ventures during the critical start-up or consolidation periods - when they are most vulnerable. Incubators can reduce start-up costs and lower entry-phase failure rate. Their main goal is to produce successful 'graduate' businesses.

Business incubators are usually set up with the support of governments or donors. However, in the long-term, the incubator should stop working as a subsidized intervention and become itself an enterprise, with its own business plan and sustainable income-generation.

Below is a concise description of what can be defined as the key three 'generations' of incubators:

- The **first-generation** (or '**traditional**') **incubators** typically attain the above objective by providing managed and equipped premises for the enterprises to be born and incubated, either in the form of office space or of workshops and/or common facility centres (e.g. providing access to needed machinery and other equipment). The type of space depends on the nature of the businesses promoted, whether service-based or manufacturing-based, whether high-tech or low-tech.
- The **second-generation** (or '**conventional**') **incubators** introduced - besides the 'hardware' - also some 'software' in the form of training and advisory services. However, the incubator clients would still be mainly tied to the incubator by means of a rental agreement or by their subsidised access to the office/workshop premises.
- The **third-generation** (or '**virtual**') **incubators** focus on improving software and downscaling infrastructure (when compared to more 'traditional' incubators). Their innovative nature may be determined by a mix of the following features¹³:
 - Being an '*incubator without walls*', i.e. a business development centre that does not provide access to business premises and concentrates instead on incubating small businesses through an integrated and tailor-made portfolio of enterprise support services and resources. This formula

13 AIDOS, Cirillo P. & Lustrati A., "The experience of AIDOS in setting up women business centers in the Middle East", Washington, 2008, <http://siteresources.worldbank.org/INTGENDER/Resources/AIDOS.pdf>

allows the targeted entrepreneurs the flexibility to operate from a venue of their choice (home, office, workshop). Having a relatively 'light' infrastructure increases also the flexibility in the use of incubator resources, minimises overheads and promotes the exposure to the real market context from the very start of the enterprise's life-cycle. Depending on the local context, it might also prove more compatible with those social or cultural factors that might encourage rural women to start their business activity from their household, often combining family care and farming tasks with an entrepreneurial activity.

- Supporting - through differentiated services - both *potential entrepreneurs* and *existing ventures*, in order to nurture the latter during their critical start-up and consolidation periods (when they are most vulnerable), while providing an aspirational environment of real-life business experiences and role models for those who are only just developing their business idea.
- Focusing on those *value-added and service-based activities* where there is demand-based potential for diversification and innovation: this is an effective way to support women clients in shifting from survivalist, low-margin activities in markets dominated by price-based competition, to higher-margin production in markets characterised by design-oriented and quality-based competition (i.e. the economic sub-sectors where micro- and small-scale of operation has a better potential for competitiveness).
- Being highly *market-oriented*, in that the incubator endeavours to analyse and monitor markets for existing and potential products or services, so to advise its clients on their enterprise strategies accordingly. This approach entails proactive rather than responsive market analysis and marketing support, i.e. identifying high potential economic sub-sectors, market niches and product lines that are compatible with the skills and resource base of the incubator's target area. The market analysis and marketing functions are complemented and emphasised by a strong focus on tailor-made *PD&D, business counselling and networking* services.
- Acting as a hub for gathering and sharing information on viable trade channels, *regulations and standards*, with a predominant focus on *local and national markets* (as more realistically within the reach of micro-entrepreneurial activities), but also - where feasible - targeting regional and overseas *export* markets (e.g. social premium markets, such as *Fair Trade*).
- Focusing on the provision of *non-financial BDS* (managerial and technical training, counselling, business planning, PD&D, marketing), while also ensuring active *facilitation of access to finance* (by keeping its role separate from the one of the actual finance provider). A third-generation incubator supports local entrepreneurs in the identification of their financial needs, advise them on the financial product suitable to their enterprise strategy and connects them to the relevant credit scheme or financial institution.
- Adopting a *flexible graduation policy* (differently from more traditional incubators) as the delivery capacity of the incubator is not strongly constrained by its infrastructure and hence by the availability of premises for the incubator clients. Additionally, the integrated approach to BDS delivery typically allows for a long-term relationship of the incubator with the client entrepreneurs - e.g. to support them in the creation of a local business association.

Additional details on this approach to business incubation are included in section 3.2 of this publication, which explains the main characteristics of the *VBI (Village/Virtual Business Incubator) model* as designed and tested by AIDOS in Syria, Jordan, Nepal and Tanzania.

2.2.2 How business incubation contributes to a broader enterprise development strategy

Within the PSD framework outlined in the previous sections, sustainable strategies for small business development tend to choose the 'enterprise' as their analytical entry point. The approach of starting from the enterprise needs, priorities and potential - as informed by market dynamics, infrastructural context, institutional framework, firm-level resources and constraints - contributes to more relevant programme design, better targeted activities and more systematic involvement of key stakeholders.

For those involved in the promotion of socio-economic development, it is often a challenge to focus on the 'right' target group or the most appropriate level of intervention. It has been widely debated that developing and transition economies need to participate on a more equal footing in both global and national markets, for their communities to share more equitably in the wealth and opportunities emerging from trade and growth. A rebalancing process will however entail both structural changes and contingent shifts, through action taken at different levels - depending on the national or regional context.

One of the viable choices for development interventions is to focus their support on micro, small and medium-scale enterprises (MSMEs), as improvement in their competitiveness and business performance tends to translate more directly into socio-economic gains at the household and community levels. Furthermore, MSMEs (and in particular their informal, micro-scale segment) are a natural conduit for the preservation and valorisation of indigenous knowledge and appropriate technologies.

These can play a key role in the sustainability of production processes and unique features of some local products or services.

However, small businesses - even when they are repository of valuable know-how - may find themselves at odds with the patterns and pace of highly integrated and dynamic markets. This is often the case with MSMEs hampered by a non-conducive business environment, non-adaptive financial markets, asymmetric information, poor managerial and technical skills, inadequate access to raw materials, technology and business development services (BDS), weak backward or forward linkages and limited marketing opportunities.

In the face of *market failure*, an enterprise-based and yet more equitable development model will require that relevant institutions step in to provide or facilitate what the market does not (yet) have the capacity and/or incentive to deliver, while taking care of minimising distortion. At this juncture, reducing *institutional failure*¹⁴ provides the rationale for the public sector (including government, national or international development agencies, research institutes, universities and public donors) and the organised civil society (including NGOs, CBOs¹⁵, foundations, associations and non-profit organisations) to *interact* with the market in order to achieve the synergy required by a comprehensive and sustainable *enterprise development strategy* (EDS)¹⁶.

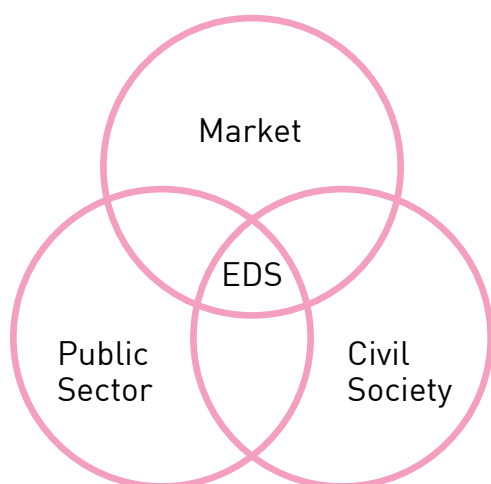
This three-sector approach to enterprise development is illustrated in Table 2.4.

¹⁴ This would be called 'government failure' in economic policy, but in the development context the range of stakeholders involved in the interaction with the local economy call for the use of the broader term 'institutional'.

¹⁵ Community-based organizations.

¹⁶ For example, AIDOS projects promoting business incubators for women-led enterprises adopted this three-sector approach.

TABLE 2.4 A three-sector approach to enterprise development



Business incubation¹⁹ contributes – to different extents – towards the achievements of the objectives at the three levels of the enterprise development strategy (EDS). Table 2.5 explains how business incubators fit within the broader strategy.

Not only does the process of enterprise development involve the three institutional / economic sectors, but it also requires intervention at different levels: macro, meso, micro¹⁷, as already outlined earlier in this chapter with regard to overall PSD. This allows for an integrated framework of intervention, including:

- Tackling policy/strategy and legal/regulatory issues that directly affect business (e.g. MSME promotion policies; business registration, licensing, taxation, etc.), as well as national and local infrastructural gaps.
- Enhancing intermediate markets and institutions for BDS and financial products/services.
- Where relevant¹⁸, supporting MSMEs directly through the provision of key inputs (e.g. product design).

¹⁷ Not to be confused with enterprise scale, i.e. these dimensions refer to intervention level (rather than scale) and are relevant to any type/size of business.

¹⁸ For example, to obtain a demonstration/multiplier effect, to highlight incentives, or to stimulate innovation or creation of public goods (e.g. provision of common access business-related infrastructure, or development of know-how and technologies that generate positive externalities – such as clean production processes or energy-saving systems).

¹⁹ For example as in the interventions promoted by AIDOS to establish incubators for women-led enterprises.

TABLE 2.5 Business incubation's fit with the 'enterprise development strategy'²⁰

	Levels	Objectives	Relevance of business incubation
Enterprise Development Strategy (EDS)	Macro	Improve the business enabling environment (BEE) through better policy, legislation, regulation, and national level infrastructure	<p>Results and methodology of incubator models may inform advocacy for reform at government level, provide inputs for relevant policies (e.g. industry, innovation, energy, etc.), and raise awareness within the development arena</p> <p>When incubators become part of (or closely collaborate with) national MSME development agencies, the capacity of country structures to support small business is strengthened</p>
	Meso	<p>Strengthen BDS and financial service markets and institutions</p> <p>Promote business networking and representative bodies</p>	<p>Incubators promote partnerships between entrepreneurs' communities and local authorities, and enhance their relationship with the local economy</p> <p>Incubators stimulate innovation in BDS delivery and financial product development by interacting with partner intermediary organizations</p>
	Micro	Support MSMEs' access to with key inputs, e.g. for innovation and sustainability goals	<p>Incubators develop and deliver adaptive BDS and facilitate local entrepreneurs' access to appropriate finance</p> <p>Incubators may evolve from donor/government-funded projects to self-reliant organizations attracting private investors and generating their own income through service delivery. This enhances the sustainability of MSMEs' access to enterprise development inputs.</p>

20 Adapted from: Lustrati, A. - 'Product innovation in the enterprise development strategy', in Lustrati, A. (ed), "Jua Kali - Designing the economy", University of Nairobi, Terra Nuova, Istituto Europeo del Design, Nairobi / Rome, Sept 2009, ISBN: 978-9966-7402-0-1 . <http://www.terranuova.org/pubblicazioni/jua-kali-designing-the-economy-jua-kali-artisans-and-design-students-in-the-creative-economy>



Chapter 3
Women's
entrepreneurship
development:
AIDOS' experience

3.1 Gender analysis in the promotion of micro and small enterprises

This chapter outlines the approach developed and tested by AIDOS to support women-led MSEs by starting from the gender analysis of the intervention's context. During the project identification phase, it is advisable to consider the overall business environment, and in particular the barriers faced specifically or more significantly by women entrepreneurs. The identified challenges and opportunities are useful in the definition of objectives and beneficiaries of the intervention.

Female entrepreneurship contributes to economic growth and employment creation, enhances the diversity of the business sector and provides avenues for the realisation of women's productive potential and socio-economic status. However, despite the growing number of women-led firms, female entrepreneurial activity is still less significant than male involvement in business.

The literature on female entrepreneurship has traditionally focused on the micro level, providing for example an exploration of the distinctive characteristics of female and male entrepreneurs in terms of identification of opportunities, motivation, financing and performance. In recent years, more systematic attention has been accorded to the influence of meso-level¹ and macro-level factors² on female entrepreneurship.

The complex interweaving and entanglement of micro-, meso-, and macro-level variables can be clearly detected. For example, human capital constraints or 'push factors' are inextricably linked to organisational processes or labour market constraints as well as various normative and socio-cultural elements. Similarly, performance and growth as indicated above are affected by societal role expectations and availability of support. Self-perception and desire for growth are in turn influenced by the status, desirability and credibility society attaches to women employment, self-employment and business success. Hence, micro-, meso-, and macro-level variables combine to shape the general experience of female entrepreneurship in any specific context.³

During the identification phase of a business incubation project, AIDOS takes into consideration all those factors that are crucial in obtaining a comprehensive and integrated understanding of female entrepreneurship in a particular context. AIDOS works with very *poor and disadvantaged women*. This choice implies specific challenges such as: lower levels of literacy and education, lower levels of access to and control over resources, lower levels of access to support networks and organisations, greater vulnerability to sexual exploitation and abuse at the community and household level.⁴

Social and political factors have a significant influence on women's ability to participate in the economy and are mutually dependent and reinforcing. Their influence is stronger in developing countries. These factors include: social protection coverage, girls' completion of quality post-primary education, literacy rates of adult women, women's influence in governance structures and political decision-making, access to family planning and other health-care

1 The 'meso level' refers here to organisational processes that facilitate self-employment opportunities, including the role of business intermediary organisations, business development service providers and financial institutions serving the enterprise sector.

2 The 'macro level' refers here to the 'business enabling environment' and 'investment climate' provided by the combination of economic and institutional factors affecting entrepreneurial activity, including for example policy, legal and regulatory frameworks, technological development, demographic factors, business culture and other characteristics of the national or regional contexts.

3 Dima, J. Constraints and opportunities facing women entrepreneurs in developing countries. A relational perspective. Olayan School of Business, American University of Beirut, Beirut, Lebanon, 2009.

4 Mayoux, L., Taking gender seriously: towards a gender justice protocol for financial services, paper presented for publication in Microfinance Handbook, CERMI, Brussels, 2009.

services. Improving women's health strengthens their economic empowerment. Access to sexual and reproductive information and services (including information about HIV transmission) as well as reduced rates of early marriages increase women's chances of completing their education and breaking out of poverty.⁵

Cultural barriers, including discriminatory practices and attitudes, also need to be actively identified and tackled.⁶

Women's entrepreneurship is not broadly accepted in many societies and women face attitudinal obstacles in the process of starting, consolidating and developing a sustainable business. Women often enter a business when they are older, divorced or become heads of household. Few young women see business as an appropriate or viable option.

Widespread illiteracy, low levels of *education* and lack of training and business education and experience can limit the capacity of women entrepreneurs to consolidate sustainable enterprises. Women can also be more isolated than their male counterparts. They often operate home-based micro enterprises, lack access to *transportation* and may be barred from accessing the same networks as men by societal norms and attitudes. Their networks and contacts may remain weak, while these are critical to connect entrepreneurs to growth opportunities. Women-led businesses often concentrate in low-paying, feminised markets (handicrafts, agricultural, fish and livestock products for local markets, food-processing, retail and services) in the informal economy, with no legal registration, with an irregular workforce with neither labour rights nor freedom of association, and no adequate operating capital to cover employees' social protection and health benefits.

5 Irish Aid, *Overcoming Barriers and Accelerating Progress to achieve MDG5 - Outcome Document*, Commission on the Status of Women Side Event on Maternal Mortality, 5 March 2010. Irish Aid, Limerick.

6 Törnqvist, A. and C. Schmitz, *Women's Economic Empowerment: Scope for Sida's Engagement*, Sida (Swedish International Development Cooperation Agency) Working Paper, Sida, Stockholm, 2009.

Women's obstacles in accessing domestic and export markets (small scale of operation, lack of transportation and information, and time constraints) limit their capacity to achieve growth, create decent working conditions and build sustainable livelihoods.⁷

Women perform the bulk of unpaid care work across all economies and cultures. In many societies, existing norms dictate that girls and women have the main responsibility for the care of children, the elderly and the sick, as well as for running the household - including the provision of water and energy supplies. This undermines their chances of going to school or being able to translate returns on their own productive work into increased and more secure incomes, and better working conditions.⁸

Women engaging in rural businesses with their spouses often invest a considerable portion of their time in the family enterprise, but do not always share decision-making power and may not identify themselves as business co-owners. This may limit their opportunities to grow professionally, be innovative or demonstrate entrepreneurial attitudes that could lead to business growth.⁹

Research has shown that gender differences in the *identification of business opportunities* are linked to differences in human capital formation, including education and work experience, with men displaying higher levels of entrepreneurial and human resource management experience.

7 The World Bank Action Plan (2006) *Gender Equality as Smart Economics* argues that economic empowerment is mainly about making markets work for women and empowering women to compete in markets. The Plan targets four key markets: land, labour, finance and product markets (increasing access to business services and facilitating the creation of female-owned businesses). OECD, *Aid in Support of Women's Economic Empowerment*, OECD, Paris, 2011.

8 Sweden, Ministry for Foreign Affairs, *On equal footing: policy for gender equality and the rights and role of women in Sweden's international development cooperation 2010-2015*. MfA, Stockholm, 2010.

9 FAO Gender and rural employment policy Brief #3. *Rural women's entrepreneurship is "good business"!*, Rome, 2010.

While men and women may have unique and differentiated stocks of human capital, women have less opportunities to develop their human capital for self-employment, which negatively impacts on their capacity to develop their entrepreneurship potential and increases their chances to be exploited in the labour market.

When it comes to the *motivation of* entrepreneurship, many female entrepreneurs might choose self-employment as a consequence of the limited opportunities in the market for employed labour. Self-employment is often perceived as a survival strategy, or as a means of providing flexibility in work scheduling and reconciling multiple roles. Additionally, the perception that entrepreneurship entails independence, a sense of challenge and initiative, personal success and satisfaction, may also represent an important pull factor.

Women entrepreneurs, particularly in rural areas, often experience difficulties in accessing *finance* due to a lack of appropriate products, information, understanding of their needs and collateral, deep-rooted discriminatory practices and stereotypical attitudes.¹⁰

Female entrepreneurs tend to start from lower levels of overall capitalisation and lower ratios of debt finance than their male counterparts. Women have greater limitations in building savings, as a consequence of less consistent work histories and lower patterns of remuneration. Women are also less likely than their male counterparts to generate a credit track record that would help them establish formal credit-worthiness. Female entrepreneurial ventures are often concentrated in service sectors where businesses are usually cheaper and easier to establish, and where

entrepreneurs tend to tap mostly into savings and family support. Hence, a link has been identified between gender disadvantage and financing, often characterised as chronic gender-related under-capitalisation barriers which in turn lead to long-term under-performance.

Business development services (BDS) are not readily available in rural areas where there is low population density. Where they do exist, women may not access them due to low literacy, education, time, cost and mobility constraints or because these services do not serve their specific needs. Women are left to rely on friends and family for management decisions and other support to their businesses.

As a consequence of the above factors, women-owned businesses tend to be smaller, less profitable and growing more slowly than those owned by men. Gender plays a role in new venture performance, as it influences the self-perception of women entrepreneurs and their abilities to achieve business growth in a particular environment. *Business performance* and growth are also affected by prevailing role expectations, the nature and extent of family support, as well as family and household responsibilities. Hence, business performance in the context of female entrepreneurship emerges as a complex construct. This is affected by various preconditions and external factors and cannot be accurately measured by using only typical indicators such as turnover and employment growth. This is where gender analysis comes in to complement more traditional business performance measurements, and to offer crucial insights that can guide the appropriate design of a women entrepreneurship intervention. Creating an *enterprise support structure* entails the identification, development and provision of suitable information and skills to address the weaknesses and constraints in women's entrepreneurship development.

Training programmes and BDS delivery should be tailored to the women's need to improve not only business performance but also their self-esteem and confidence. BDS content and method of delivery should be guided by the following principles:

¹⁰ Micro-finance – including micro-credit – is often considered as an instrument that promotes women's empowerment. Whilst it can stabilise livelihoods, broaden choices, provide start-up funds for productive investment, help poor people to smooth consumption flows and send children to school, it can also lead to indebtedness and increased exclusion unless financial products are adequate, well designed and appropriately delivered, including also in conjunction with the building of capacities needed to run a viable small business.

- *Relevance*: training content should be relevant to women entrepreneurs' context and should acknowledge their experience.
- *Simplicity*: training content should be kept as simple and linear as possible. The level of the curriculum must be tailored to that of women's education.
- *Engagement*: training should be conducted with an interactive and participatory style (also including exercises, group-work, presentations, real-life case studies, testimonials and role-playing, as well as in some cases theatre sketches, singing, dance and drama) and recognise that people have different learning styles. Particular attention should be given to adult learning methods, for example by favouring problem-based, deductive rather than inductive approaches.
- *Demand-driven, compatibility*: all contacts with women entrepreneurs should focus on enabling them to recognise the tangible benefits of participating in the training courses. The organisation of the training should take into account women's needs and daily responsibilities and work schedule.
- *Accessibility*: training venues should be accessible, i.e. they should guarantee the safety of the women entrepreneurs and minimise travel distance. Accessibility should be ensured also in terms of timing, transport cost, seasonality, weather conditions, child-care needs, religious, traditional and other events that could limit or prevent women's attendance.¹¹

Sustainable BDS require a stable presence in the intervention's target area and therefore the establishment of a local structure close to women's location might be needed. Additionally, successful and long-term BDS provision at the local level also needs strong commitment by women, households and communities. Therefore, the relationship with the women entrepreneurs and local organisations needs to be nurtured

through regular meetings, focus groups, training activities and collective or individual counselling.

3.1.1 AIDOS' holistic approach to women's entrepreneurship development

The "smart economics" of the World Bank's Gender Action Plan (2006) included the perspective of "high returns" of investing aid in women and girls. This so-called 'instrumentalist approach' is seen by some as juxtaposed to a 'rights-based or social justice approach'. However, AIDOS considers the right-based approach and the instrumentalist approach as mutually supportive rather than as mutually exclusive. It adopts both of them in its promotion of women's entrepreneurship and operates in the framework of different international instruments and programmes. (see Box 1)

The *human rights-based approach (HRBA)* mainstreams human rights in an intervention's design and implementation. According to the UN definition, HRBA is a process that applies a number of core principles aimed at the enjoyment of indivisible, interdependent and interrelated human rights by all. In this specific case, AIDOS' approach to women enterprise development incorporates an overall respect for the international human rights framework with reference to rights related to health, education, housing, justice, personal security and civic participation and a policy of non-discrimination and prioritisation of vulnerable groups (women). It does so by promoting empowerment and participation of beneficiaries and encouraging them to play an active role in their community. Structures to support business creation vary widely in their types, and have been differently used in various contexts according to the different actors involved, the different service users and the nature of the structures themselves (e.g. scientific and industrial parks, research and innovation centres, techno-poles, incubators and other business service centres). The following sections focus on different models and examples of a particular type of business support: women's business incubation.

¹¹ Electoral seasons may also represent an additional challenge, as there might be attempts by political parties or local power holders to exploit the training events for propaganda purposes.

Box 1**International instruments and programmes on women, development, labour and enterprise.**

- In 1975, the World Conference on Women held in Mexico City launched a new era in global efforts to promote the advancement of women by opening a worldwide dialogue on gender equality. The World Plan of Action recommended the development of integrated training programmes for girls and women in rural areas to enable them to participate fully and productively in economic and social development. Essential to the effective implementation of such programmes was the provision of adequate training in entrepreneurial skills, cooperative organisation, access to credit and seed capital, marketing assistance, and basic infrastructural support, such as child-care arrangements, transportation and conveniently situated water supplies.
- In 1979, article 14 of the Convention on the Elimination of All Forms of Discrimination Against Women (CEDAW) enumerated the rights of rural women concerning their participation in agriculture and development, including the right to organise self-help groups and cooperatives for the purpose of obtaining "equal access to economic opportunities through employment or self-employment".
- In 1993, the Vienna Declaration and Programme of Action stated: "The human rights of women and of the girl-child are an inalienable, integral and indivisible part of universal human rights. The full and equal participation of women in political, civil, economic, social and cultural life, at the national, regional and international levels, and the eradication of all forms of discrimination on grounds of sex are priority objectives of the international community".
- In 1995, the World Summit for Social Development held in Copenhagen acknowledged that: social and economic development cannot be secured in a sustainable way without the full participation of women; equality and equity between women and men is a priority for the international community and as such must be at the centre of economic and social development; women carry a disproportionate burden in coping with poverty, social disintegration, unemployment, environmental degradation and the effects of war. The Summit committed to promote full and equal access of women to literacy, education and training, and remove all obstacles to their access to credit and other productive resources and to their ability to buy, hold and sell property and land.
- In 1995, the Platform for Action, adopted by the Fourth World Conference on Women held in Beijing in 1995 identified economic disparities between men and women and the eradication of the persistent and increasing burden of poverty on women as two of the 12 critical areas of concern requiring special attention and action by the international community, government and civil society.
- In 2000, the Millennium Development Goals (MDGs) included "promote gender equality and empower women" (Goal 3) as well as "achieve full and productive employment and decent work for all, including women [...]" (Target 1.B).
- In 2000, the Special Session of the UN General Assembly "Women 2000: Gender Equality, Development and Peace for the 21st Century" focused on women's economic empowerment and entrepreneurship and adopted a political declaration that included the development of policies and programmes to enhance the employability of women and their access to quality jobs, through improving access to formal, non-formal and vocational training, life-long learning and retraining, long-distance education. This would encompass information and communications technology and entrepreneurial skills, particularly in developing countries, to support women's empowerment in the different stages of their life.
- The agreed conclusions of the Commission on the Status of Women on "Eradicating poverty, including through the empowerment of women throughout their life cycle, in a globalising world" adopted in 2002 and on "Financing for gender equality and the empowerment of women" adopted in 2008, state that "investing in women and girls has a multiplier effect on productivity, efficiency and sustained economic growth; increasing women's economic empowerment is central to the achievement of the Millennium Development Goals including to the eradication of poverty".
- The International Labour Organisation (ILO) conventions: the Equal Remuneration Convention, 1951 (Convention No. 100), the Discrimination (Employment and Occupation) Convention, 1958 (Convention No. 111) and the Workers with Family Responsibilities Convention, 1981 (Convention No. 156). ■

3.1.2 The Italian experience: BIC and Impresadonna

AIDOS' work on women enterprise promotion was initially inspired by the Business Innovation Centre (BIC) and IMPRESADONNA models developed and implemented in Italy. These have formed the basis of the experimental work carried out by AIDOS in the Gaza Strip, where the Association established its first business service centre and tested the women's business incubator model in a developing country context.

AIDOS adopted a women's business incubator model for its ability to support female ventures during the start-up and consolidation periods, when they are most vulnerable. It is a service centre that provides specialised services to micro and small businesses for a limited period of time. It reduces start-up costs and lowers early-stage failure rate. It is designed to be compatible with women's household-enterprise strategies as in developing countries these often combine family care, farming tasks and business activity.

3.2 The 'Village/Virtual Business Incubator' (VBI) model

The work of AIDOS in women enterprise promotion evolved over time. With the support of international expertise in small business development, AIDOS designed the 'village/virtual business incubator' (VBI) model and applied it in different contexts. The VBI's innovative nature is determined by the following features ¹²:

- **Service centre for women SMEs.** It is a service centre for women small and micro-scale enterprises. It targets both potential and existing entrepreneurs.
- **'Virtual' incubator.** This type of business development centre does not provide premises or business infrastructure: it

delivers the incubation process through an integrated and tailored portfolio of enterprise support services and resources, focusing on the software rather than the hardware. ¹³

- **Integrated approach to business development.** The VBI adopts an integrated approach to enterprise development, providing a flexible package of non-financial business development services that include: business management and technical training, business planning and marketing support - with a strong focus on business counselling - product development and networking services. It accompanies women entrepreneurs in all aspects of enterprise creation and development in a thorough and personalised manner, with a special emphasis on those socio-cultural and gender barriers preventing women from realising their business potential. In this perspective, the incubator services go well beyond standardised business training, and include dedicated follow-up to bring to full fruition the support received and to increase success rate. For instance, management training is followed up with personalised oversight to ensure correct implementation of the information provided, while marketing services are complemented by advice on product quality and design.
- **Focus on value-added activities.** The VBI targets in particular enterprises planning to carry out value-added activities in a variety of economic sub-sectors. In doing so, it promotes diversification and innovation, thereby helping women move from subsistence and low-margin activities and markets that are dominated by price-based competition, to higher margin production and markets that are characterised by innovation and quality-based competition.

¹² Lustrati, A., 2nd Technical Assistance Mission (VBI Staff Induction) Report, Project "Establishing a Village Business Incubator (VBI) for Women's Micro and Small Enterprises in the Coastal Midlands Area of Syria", 2005

¹³ See section 2.2.1 of this publication for more details on the 'virtual incubator' model and for an outline of different models in business incubation.

Box 2

BICs and IMPRESADONNA

The Business Innovation Centres (BICs) emerged as an innovative regional initiative for economic development aiming at creating innovative small and medium sized businesses (SMEs), promoting entrepreneurship and contributing to regional and local development. They are support organisations for entrepreneurs. Operating in the public interest, they are set up by the main economic stakeholders in an area or region, in order to offer a range of integrated guidance and support services for projects carried out by innovative SMEs. In the 1980s about 150 "European Business & Innovation Centres" (EC BICs) were created all over Europe (34 in Italy). In 1997 Italian BICs were awarded by the Ministry of Labour and Social Affairs the status of employment and business promotion agency (L19607) for the provision of technical assistance in business development.

BICs adopt a proactive bottom-up approach: services are designed to respond to client demand, and act as an interface between demand and supply of innovation services. Services include evaluation of innovative projects and their entrepreneurs; strategic advice and assistance in implementing business projects, by devising appropriate, high-quality business plans; facilitating access to finance and partnerships; helping firms to establish international linkages and find partners and customers in markets outside the BIC's catchment area; organising regional inter-firms co-operation (spin-offs, grouping companies, clustering, sub-contracting, etc.); placing start-up companies in incubators that provide shared resources. BICs help to create and develop local innovative 'business communities' by providing specific 'entrepreneurial' training programmes and monitoring the progress of business projects.

Women's business incubators - IMPRESADONNA

IMPRESADONNA represented a highly innovative programme both for Italy (in the Emilia Romagna region), and Europe in the 1980s. The innovative trait of this programme was to substitute the 'industrial and technological matrix' common to all the previous incubator experiences with a 'social matrix concerned with gender differences', specifically targeting women entrepreneurs' needs.

Women's incubators are a particular kind of *business incubator* set up to provide services and reliable solutions to women-led enterprises. It is first of all a place, a meeting point, in which people (mainly, but not only, women) can meet and obtain information and technical as well as psychological support. It is a place where to discuss problems with other women and the incubator's staff and experts, clarifying expectations and aspirations, reinforcing positive attitudes, skills and self-esteem.

The Women Business Incubator's '*formula*' is based on: human resources and gender's value; entrepreneurial projects and local development; local context identity; social cohesion and integration policy.

Women's incubators are places in which *business ideas* can be generated and assessed, and new enterprises created and developed, thereby becoming stronger, more profitable and more competitive in the market. Women's incubators are also places of social integration and mutual exchange, economic development and innovative experimentation, based on the strategic role covered by all actors involved (stakeholders, technical staff, experts, users/beneficiaries, entrepreneurs, local and international organisations, public institutions). The purpose of a women's incubator is to set up an integrated support system able to meet needs and solve problems at each step of the enterprise creation and development process, in a flexible and effective manner. It is a structure where it is possible to reinforce the interaction between enterprises with similar characteristics and to amplify business opportunities. ■

It analyses the relevant value chains and finds ways of addressing critical barriers. Where relevant to the context and the women clients' needs, the VBI also supports enterprises involved in primary production, services and trade.

- **Market-oriented approach.** The VBI focuses on proactive rather than responsive marketing, trying to identify high-potential economic sub-sectors, market niches and specific product lines that are compatible with the skills and resource base of the target area. It analyses and monitors markets for existing and potential products or services, so to advise the women beneficiaries on their enterprise strategies based on the reality of demand and market potential. It gathers information and establishes links with viable marketing channels, maintaining a predominant focus on local and national markets (as more realistically within the reach of micro-entrepreneurial activities), but in specific instances also targeting regional and overseas export markets (e.g. through the Fair Trade channel, or within the realm of specific trade agreements). Information on national and international regulations and standards are also provided in connection with specific aspects of commercialisation.
- **Focus on developing new products and improving product quality.** The market analysis and marketing functions are complemented and emphasised by a strong focus on tailored and individualised Product Development & Design (PD&D) to enhance product innovation and quality through expertise in specific production sectors.
- **Finance facilitation.** The VBI does not issue loans nor provides other financial services and products directly, but where relevant it facilitates women's access to suitable forms of micro-finance and/or rural finance depending on the type of enterprise.
- **Outreach and business counselling.** Many women potential entrepreneurs who live in disadvantaged and remote areas do not

have access to information and services. Less educated entrepreneurs are unlikely to read newspapers or other information sources regularly. They are often unaware of the availability of training and business opportunities and are limited in their mobility. Hence reaching out to them at their home place is an effective way to reduce their isolation. VBI staff carry out awareness-raising sessions (addressing both women and men), home visits and home-based counselling (involving also male family members as appropriate), in order to promote female entrepreneurship and to support women in the daily management of their enterprise.

- **Linkages with local organisations and institutions.** The VBI endeavours to build up and maintain its relevance for the local community and the target beneficiaries by means of a suitable institutional networking strategy. During the planning, promotion and implementation of its activities, it takes into account the priorities and competences of local and national structures and governance bodies, it actively liaises with the local organised civil society (NGOs or other non-profit organisations operating in complementary fields), it networks with international organisations promoting women's entrepreneurship and small-scale industry, and builds partnerships with those sections of the private sector that share the same agenda of small business support and economic development. As co-operation and networking are strategic factors for the survival and competitiveness of micro and small enterprises, incubator clients are connected to available business support services from corporate organisations, training institutions, associations, and any other useful institutions and competent professionals.
- **Social enterprise.** A VBI is itself an entrepreneurial initiative, even when funded by public bodies. It should be seen as an enterprise that organises business resources and activities, provides services,

promotes positive change and innovation, pursues socio-economic objectives, and improves local livelihoods in a sustainable manner. Its mechanisms are those of an enterprise, in terms of return gains on capital investment, taking into account the 'multiplier effect' it has in the target area where it creates new enterprises, new products and services, new jobs. It is a social enterprise because it views the women entrepreneurs as part of a community, takes into account the social fabric in which they are embedded, and reinvests any generated income in its development activities. The VBI therefore operates based on a 'double bottom-line': economic performance and social returns.

- **Integration of reproductive health.**

The VBI utilises the convening power of its enterprise promotion activities in order to mainstream information on reproductive health (RH) and family planning (FP). RH and FP awareness allows women to make informed decisions about their productive and reproductive life, contributing also to the enhancement of their 'household – enterprise' strategy.

- **Sustainability.** A VBI is typically established as a donor-funded development co-operation project, but it works towards its self-sustainability in order to become an independent body and continue serving its local community. It adopts a holistic concept of sustainability, which encompasses not only economic and financial factors, but also institutional, managerial, technical-methodological, socio-cultural and development policy-related dimensions. The aim is to nurture a local, self-reliant organisation with the capacity and resources to continue supporting local women entrepreneurs and their businesses.¹⁴
- **Adaptability and replicability.** The VBI approach and methodology is flexible and adaptable to different economic,

institutional, social and cultural contexts. It is tailored to the specific needs of the women it serves and of the country or region where it is established. It supports existing frameworks and plans that governments may have in place to address gender equality through the relevant line ministries and at local and community levels. Interventions vary according to the different development needs and whether host countries are stable or fragile.

Locally-adapted versions of the VBI model have been successfully designed, tested, tailored and implemented by AIDOS in the Middle East (Palestine, Jordan, Syria), in Asia (Nepal) and in Africa (Tanzania), as described in detail in the following section.

3.3 AIDOS' business incubation experience in the Middle East, Africa and Asia

Between 1995 and 2012, AIDOS established four women's business incubators: in the Gaza Strip (1995), in Jordan (2002), in Syria (2005), and in Nepal (2008). From 2009 to 2012, AIDOS also provided technical advice and assistance to the World Bank in the creation of a women's business incubator in Tanzania. Each one of the five incubators differs to some extent from the others in terms for example of training approach and training materials developed, of focus on specific business sectors, and of strategies to involve local communities. However, they all retain to a good degree the key characteristics described in section 3.2 above, to the extent that these are suitable to the local contexts and relevant to the needs of the women entrepreneurs.

¹⁴ Detailed information on the sustainability strategy of VBIs is included in Chapter 6 of this publication.

3.3.1 Middle East: the Business Service Centre (BSC) in the Gaza Strip

The Business Service Centre (BSC) was established in 1995 in the Gaza Strip (GS) by the Palestinian Agricultural Relief Committees (PARC) with technical assistance from AIDOS and funding from the International Fund for Agricultural Development (IFAD).

The BSC promoted the start-up of new enterprises in the rural economy of the target area. The incubator was set up to serve women's new enterprises in livestock, food processing and handicraft, and had a strong focus on the identification of viable business ideas.

The project took off in the period following the Oslo Agreements of September 1993, when the support to the Middle East peace process was considered a policy priority for the international community. In particular, European policies focused on the promotion of rapid, sustainable and equitable socio-economic development, with an emphasis on projects that would generate employment and improve the living conditions of the population, particularly in the Gaza Strip. International agencies supported the development of strategies to alleviate poverty and promote women's interests, to support democracy, pluralism and socio-economic development.

In this framework, IFAD started the *Relief and Development Programme* in 1994, to address the immediate needs of small farmers and fishermen, women and landless people. The programme objectives were to expand sustainable smallholder agricultural production, create employment in intensified farming, reduce the cost of fishing, and promote income-generating activities for women. Within this context, AIDOS and PARC promoted income-generating activities (IGAs) for women in the Gaza Strip. The strategic thrust of the project was to promote women's social and economic active roles in the Palestinian society by strengthening female identity and the right to be full economic agents in the development of their communities.

The very low female Labour Force Participation Rate (11.7% in late 1995) indicated that Palestinian women constituted a potentially large reserve of labour. The highest concentration of female labour was in the agricultural sector. This employed about 35% of all workers¹⁵ and wages and working conditions tended to be less favourable than in other sectors. Women were also disproportionately involved in unpaid family work and usually worked on family farms. Traditionally, Palestinian society in the Gaza Strip is hierarchical and male-dominated, but the first *Intifada*¹⁶ changed male and female roles. The socio-cultural transformation of Palestinian society, the economic pressure on households and the need for additional income brought women into the labour market giving many of them new roles as heads of household and as the main income-earners.

Working in the Gaza Strip, focusing on rural villages and on poorly-educated women heads of households and trying to involve them in creating agricultural enterprises proved to be an ambitious task for AIDOS and its partner PARC. Specific constraints and obstacles to women's ability to play an active role in the labour market were identified in the weakness of advisory support and management training services, the scarcity of local human resources with practical experience of enterprise and insufficient institutional support. An additional problem was the lack of capital: women represented a very small proportion of borrowers from formal financial institutions and the amount of credit disbursed to them was disproportionately small. Transaction costs, collateral requirements, difficult application procedures, in addition to outright discrimination, represented some of the factors that inhibited women's access to credit from formal financial institutions. Moreover, previous attempts to establish small IGAs had given little attention to potential and existing markets for the products

¹⁵ Palestinian Central Bureau of Statistics, *Labour Force Survey. September-October 1995 Round*, pp. 47 and 58, Ramallah, Palestine, 1996.

¹⁶ *Intifada* (*intifaḍah*) is an Arabic word that literally means "shaking off", though it is popularly translated into English as "uprising", "resistance", or "rebellion".

and had mostly been unsuccessful. Furthermore, such activities tended to reinforce women's traditional roles and increase their workload, but did little in terms of increasing their incomes. Additional obstacles were the lack of transport and connections, overwhelming family commitments, unwilling husbands, lack of inclination towards taking entrepreneurial risks and low self-esteem.

The intervention by AIDOS aimed to support women in becoming entrepreneurs. AIDOS' proposal was based on the belief that properly conceived small-scale activities could be economically viable and meet women's need to balance their productive and reproductive roles, as long as existing constraints in their business environment and managerial as well as technical problems were addressed. Issues to be tackled included planning, decision-making, purchase of raw materials, production, quality control, supervision, monitoring, marketing, financing. In order to fill these gaps and establish viable and self-sustainable income-generating activities managed by women, AIDOS proposed the adoption of the *business incubator* model, which had never been experimented in the Palestinian Territories before.

The typical 'business incubator model' underwent substantial changes in its adaptation to the Palestinian context. The project was divided into two sub-components: 1) the creation of a Business Services Centre (BSC) to provide technical assistance and training services to women entrepreneurs, and 2) the provision of credit specifically for the creation of micro and small-scale women's enterprises, through an *ad hoc* credit programme managed by the Arab Bank.

An information campaign was conducted with the following aims: (a) disseminate the idea of the BSC in the community and support women in gaining the consensus necessary for their participation in the project's activities; (b) initiate the compilation of a data base on women entrepreneurs and/or potential entrepreneurs in the target area; (c) deepen the knowledge of rural women's conditions and identify their

specific needs. The results were encouraging: many women showed interest in the new initiative, they expressed desire and motivation to start an income-generating activity and men's response was less hostile than expected.

The project had a significant impact on the beneficiaries. In terms of improvement of economic conditions, women's income increased and job opportunities were created by the entrepreneurs for a considerable number of people in their community. Purchasing power increased as a result of the project, as demonstrated for example by increased sales of items such as washing machines, fridges, satellite TVs, cars and furniture in the target area.

Concerning the quality of daily life, a significant improvement was registered between 1997 and 1999: the number of women using taxis increased, especially going to market both for household needs and to sell and buy products for their business, going to the bank for loan repayments, visiting friends and relatives, going to the BSC, to health centres, to the university, to events and functions. The percentage of women participating in celebrations and in trips and visiting friends considerably increased. Food consumption also increased, especially with regard to meat and poultry, fruit and nuts.

In terms of changes of women's life in their families and communities, women's decision-making power improved, in particular with regard to money allocation in the household. Women's experiences attracted attention and consideration from the community members, who sometimes asked them for advice, and an increased respect from traders and neighbours. Other changes included increased freedom, awareness and self-confidence, enhanced time-management, a feeling of increased sense of responsibility, the possibility to complete construction works at home or to complete their university studies, an increased ability to help children at school. In general, the level of personal satisfaction improved.

With the beginning of the second *Intifada*, it became even more important for women to start small businesses. As the male unemployment rate continuously increased due to the closure policy of Israel, women's role became fundamental to families' survival as their income was often the only source for sustaining the household. This also applied to the BSC entrepreneurs, as their agricultural and food production represented an essential contribution to meet the nutritional needs of their family.¹⁷

3.3.2 Middle East: the Women Business Development Incubator (WBDI) in Jordan

The Women Business Development Incubator (WBDI) was established in 2002 in Um Qais Village (North of Jordan) by the Noor al Hussein Foundation (NHF), with technical assistance from AIDOS and funding from IFAD. This was the first business incubator dedicated to rural women in Jordan. A small technical team composed by the Manager and the Business Counsellor operated the WBDI and contributed to the establishment of 70 new women-led enterprises. In 2005, the WBDI premises were moved from Um Qais to Sama Rousan village, 10 km north of Irbid city, to ensure an easier access from different areas of the Bani Kinana District and to improve the incubator's visibility. In December 2008, the European Union granted AIDOS and NHF co-financing for a four-year period, in order to enhance the WBDI activities, results and impact. IFAD, MoPIC (Ministry of Planning and International Cooperation) and Irish Aid also contributed to the financing of the initiative.

The WBDI targets low-income rural women, aged between 20 and 50, living in 21 villages of the Bani Kinana District and the Northern Ghour area.

¹⁷ AIDOS Project Document "Income-Generating Activities for Women in Palestine", within the framework of the Gaza Strip and Jericho Relief and Development Programme, the International Fund for Agricultural Development – IFAD, 1994; AIDOS Completion Report, Project "Income-Generating Activities for Women in Gaza", (II Phase), 1 October 1998 - 31 July 2002.

Agricultural crops (mainly olives), commercial activities and some tourism feature in the economy of the area. This is however affected by unemployment and low income levels associated with a high birth-rate.

Relevant literature on gender and enterprise development in Jordan¹⁸ highlights the scarce participation of women in the labour force. Only 4% of the Jordanian private businesses are owned by women. Female entrepreneurship represents an underutilised resource in the socio-economic development of the country. The high literacy rate of Jordanian women does not necessarily enhance their participation in the labour force, especially as self-employed entrepreneurs, which is often discouraged by an unfavourable cultural, business and institutional environment. Women are often engaged in informal individual micro-businesses, juggling family and work obligations, generating minimal profits and lacking sustainability.

The main root causes identified include: an unfavourable cultural attitude toward female entrepreneurship, the stereotyped role of women in the society and in the economy, unsupportive family environment, inadequate policies and incentives. The deriving obstacles at the level of business development include: insufficient and cumbersome access to resources (financial, technical, managerial, information), lack of business strategy and planning, poor access to market and limited marketability and competitiveness, lack of market exposure, lack of innovation, limited profitability and sustainability.

In this context, the WBDI pilot proved effective in challenging two key causes at grassroots level, namely: the unfavourable cultural attitude toward female entrepreneurship and the stereotyped role of women in the society and in the economy. It also tackled systematically the above-mentioned constraints at the level of business development.

¹⁸ UNDP, Jordan Human Development Report: Jordan Small Businesses and Human Development, UNDP, Amman, 2011. USAID, Jordan Gender Assessment, Amman, 2007

The WBDI focused on awareness sessions and campaigns as an opportunity to sensitise women as well as men, families, communities at large and local leaders, on the importance of female entrepreneurship (and where relevant family business) to promote welfare, mutual respect, self-reliance, stability, health, opportunities for children and their future, self-realisation and self-confidence. In this perspective, the WBDI contributed to promote an attitudinal and behavioural change that would be at the basis of women's enhanced participation in the economic life of their community.

Additionally, the WBDI sensitised and informed women entrepreneurs on reproductive health issues. This was a key empowerment factor and had a positive impact on women's entrepreneurial endeavours as well as on the well-being of their communities.

WBDI also offered a complementary service to promote the employability of graduate young women of the Bani Kinana District who were not planning to pursue an entrepreneurial venture and were searching for employed work. A Women Information Window (WIW) advertised job opportunities and promoted the match-making between employers and job-seekers. The WIW also trained job-seekers in CV or application form writing and in interview skills, with a view to enhance their access to the labour market.

As its core business, the WBDI supports the creation and the strengthening of commercial and service-based businesses, such as catering, kindergarten services and garment stores. The choice of enterprise sectors is based on local market demand and on the business preferences of the women involved. The incubator also promotes the linkage with the social enterprise sector, thereby introducing an innovative concept amongst its supported businesses.

Commercial and retail businesses, generally run as a family enterprise, have a considerable economic impact in the target area. The economic performance of the start-ups in the handicraft sector (which represent the majority

of the WBDI-supported enterprises), is also significant, despite the challenges connected to developing products with new designs and a new target market. The WBDI supports the women artisans to address such issues, and also promotes the appropriate standard of quality, finishing and design and testing as well as supporting the introduction of the new products in the market.

The approach adopted by the WBDI is unique and still unmatched in Jordan, with particular regard to: (a) its gender focus underpinning the incubator's overall methodology and its specific business development services; (b) the combination of different business development services to ensure a comprehensive, thorough and systematic support to women (potential and existing) entrepreneurs, ranging from the identification of ideas and aspirations to the establishment of sustainable businesses; (c) a customised and constant field presence; (d) an innovative capacity building approach; (e) a highly market-oriented product development and design (PD&D) support.

The work of the incubator has had so far a significant impact on its clients' quality of life. Women recorded increased earnings, increased respect within the household and more independence - such as the ability to attend meetings and trainings. The work of WBDI has enlightened and empowered them, and also boosted confidence in themselves and their capacities.¹⁹

19 Lilliu, B., Evaluation Report, Project "Strengthening the capacity of two Village Business Incubators (VBI) to promote rural women participation in the labour market in Jordan and Syria", 2012; Sommacal, V., Sustainability Plan, Women Business Development Incubator (WBDI) of the Noor al Hussein Foundation (NHF) Amman, Jordan, 2012.

Box 3

Case story– K. Al D.

K. Al D. owns two businesses: one shop and one beauty salon. When she decided to open her first shop her father and most of her family were against her plan. However, after she proved to both her family and her community that she could be a successful business-woman, she started being considered a role model by the whole village. She has two employees, including her husband, and she also opened a beauty salon as an additional investment. When asked where she sees herself in two years' time, she answers that she would like to open a small service centre dedicated to women's beauty. According to her, the most important lesson she learned from this experience is that *"nothing is impossible"*.

K. Al D. also said:
 "My family of origin used call me *child*, my husband used to call me *woman*, when I managed to set up my small enterprise, people around me started to call me by my first name" ■

The VBI targets both potential and existing entrepreneurs. It provides business development services to rural women in 13 villages of the Lattakia Governorate.

When the project started in 2005, national policies were designed to support the creation of new opportunities for women to participate in the private sector through Small- and Micro-scale Enterprises (SMEs). At the time, Syrian women's participation in the labour force was only 15% to 16% of total labour force versus 44% for men. This was mainly due to the lack of education and training and a labour market preference for male workers. Cultural and social barriers discouraged women from actively contributing to the socio-economic growth of their country. Women were mainly engaged in unskilled or semi-skilled work and home-based production.

The project target area lies in a green and mountainous region about one-hour drive from Lattakia, the fourth city of Syria after Damascus, Aleppo and Homs. The region is relatively fertile when compared to the semi-arid plateau prevailing in most of the country. However, altitude (around 800 metres above sea level) and gradient make it unsuitable for intensive agriculture. Farming and livestock are the main sources of income for the inhabitants of the target area. Many are engaged as seasonal workers outside the villages or are employed in the public sector in Lattakia, to where they commute on daily basis. The area is also characterised by considerable rural-urban migration, with a large numbers of Syrians employed abroad.

In the Coastal-Midland area, women are involved in farming and livestock rearing. Only to a minor extent they engage in small-scale trade and value-added activities (such as handicrafts). Their economic position remains very vulnerable: this is due to the lack of training and limited awareness about available opportunities, but also to customary laws making women surrender their inheritance rights to their brothers in order to prevent land fragmentation. This has further weakened their economic position, as they cannot use land as collateral to obtain loans.

3.3.3 Middle East: the Village Business Incubator (VBI) in Syria

The Village Business Incubator (VBI) was established in 2005 in the Coastal-Midland area of the Lattakia Governorate by the Syria Trust for Development ('the Trust') and AIDOS, with the co-funding of the European Union (EU) and the International Fund for Agricultural Development (IFAD). It was the first of its kind in Syria. In December 2008, the EU granted AIDOS and the Trust an additional co-funding for a three-year period in order to enhance the VBI activities, results and impact. IFAD contributed funds also for this second phase.

In this context, the VBI was established to enhance women's chances of productively participating in the labour market. By focusing on a limited and well-defined area in a poor and partly isolated region of the country, the VBI tested its model's capacity to reach out to remote and vulnerable populations. The focus on supporting women's economic empowerment and promoting micro and small enterprises proved particularly relevant and appropriate to the development needs of the project's target area. However, the VBI and the supported enterprises had to continuously develop new strategies to maximise available resources and opportunities, while minimising the constraining factors and exploiting to the best extent possible their potentials.²⁰

The remoteness of the area, partially cut off from the main commercial routes, also had important consequences on the local economy, representing an obstacle to both the supply of raw materials and the commercialisation of the final products. Some of the businesses promoted by the incubator, as for example medical herbs processing and packaging, showed how the VBI tried to gauge the opportunities offered by the local environment. As the small size of the market and the low purchasing power of inhabitants reduced the chances of profit within the target area, the VBI addressed potential customers outside the local market, who would have higher purchasing power and more diversified preferences. This however also implied challenges with distribution, which the VBI contributed to solve with the women entrepreneurs.

The location of the VBI allowed for close contact with its target groups. Later on, in order to approach other potential groups and expand

to new ones (including the demand for VBI services from local organisations), the incubator transferred its main facilities to Lattakia, while maintaining an 'antenna office' in Ain Al Tineh in order to ensure the continuity of targeted support to the already established enterprises.

Since its establishments, the VBI built constructive relationships in the public and private sectors as well as with international organizations. New outlets were made available for VBI-supported products in tourist resorts in the region. Furthermore, local authorities and international development agencies relied on the VBI as a provider of expertise for start-up entrepreneurs, with a specific focus on women.

The VBI supported the start-up and development of value-added handicraft businesses such as textile-based (home textiles, soft furnishings and fashion), accessories and soap-making, inspired by the ancient crafts and local traditions, thereby valorising the cultural heritage and tapping into tourist and international markets. The focus on handicrafts was motivated by the need to achieve high levels of profitability with limited production scale. The VBI also promoted localised service-based business activities such as tailoring, hairdressing, computer training centres, small restaurants, catering, grocery shops and other small-scale trade ventures, in addition to a variety of food and processing rural enterprises such as cheese-making, bee-keeping and the drying and packaging of medical herbs. The VBI promoted attitudinal and behavioural changes as well as skills development. Their positive effects were amplified by increased income for most of the entrepreneurs. The impact on entrepreneurs' life ranged from increased self-confidence and awareness to empowerment in several fields, thus encompassing social, economic and personal development aspects.

Male attitude also improved (mainly with reference to entrepreneurs' husbands or brothers). Men from the villages could often be seen entering the VBI and interacting with the incubator team, as they wished to support their wives or sisters in the management of their

²⁰ For example, the area surrounding Ain Al Tineh (the community where the VBI was established) had a strong potential for tourism development. However, the availability of tourism facilities was limited. The VBI successfully exploited its immediate vicinity to the Salah al Din Castle and the possibility it offered to reach foreign tourists by establishing a small product display and marketing centre at the castle.

ventures, for example by delivering stock of products for upcoming exhibitions. As another example of proactive engagement in the community, the VBI pioneer entrepreneurs took the initiative of establishing and formalising a local business network: the *Ain Al-Tineh Businesswomen Committee*. The founders of the Committee had benefited from the VBI business counselling and other services since its inception, and became successful in their respective businesses. They felt it was important to share this experience with other women from other villages in the target area. All the Committee's founders concluded their incubation period and decided to become clients of the VBI just for *ad hoc* and specialised services. They also acted as *pro bono* trainers and mentors for other women who were planning to become entrepreneurs.²¹

Another notable achievement of the VBI was the International Star Award for Quality granted by the Business Initiative Directions, a network of 117 countries. The award is granted to distinguished local and national leaders who demonstrate excellence within their respective sectors, increased market share, improved business performance as well as sustainability.

The crisis in the country since 2011 has had an impact on the performance of the VBI-supported businesses and is affecting the entire economy. The VBI-supported entrepreneurs operating in the handicraft sector and targeting high-end markets suffered from the drop in tourism and the departure of the expatriate community. The crisis has also affected the sourcing of raw materials from abroad and from other regions of Syria. The VBI team promptly explored appropriate adjustments in the business strategy of some of the enterprises, such as the production of new and less expensive products responding to the local market demand and the development of contacts with potential wholesalers and clients in new market areas

such as the capital Damascus. The modifications primarily concerned sizes, packaging, labels, materials and design in order to make the products more suitable to the local market. This response to the changing environment demonstrates the capacity of the incubator and the entrepreneurs to flexibly adapt the relevant business strategies in order to cope with the emerging needs and risks and maintain a minimum level of sustainability.²²

3.3.4 Asia: the Business Service Centre (BSC) in Nepal

The Business Service Centre (BSC) was established in March 2008 by the Federation of Business and Professional Women of Nepal (FBPWN) with technical assistance from AIDOS and co-funding from the European Union, AIDOS, the Waldensian Evangelical Church and the Italian publishing house *La Feltrinelli*.

The BSC targets disadvantaged poor women (18 to 50 years old), resident in the Kathmandu valley, heads of household and family breadwinners.

Agriculture is the backbone of the Nepalese economy. Women's labour contributes a major share to this sector. Overall women's participation in the labour force is over 48% compared to 67.6% for men, which is one of the highest proportions in South Asia. Of the total female labour force, 73% is concentrated in agriculture and 27% in non-agricultural sectors.

A decade of 'people's war' (from 1996 to 2006) led by the Maoist party brought to the fore the critical issues of gender and social inequalities between different castes and ethnic groups. As a post-conflict recovery strategy, the Nepalese government has placed emphasis on employment creation through the encouragement of private sector investment and

21 Sartorel, E., Final internal evaluation document, Project "Establishing a village business incubator for women's micro and small enterprises in the coastal midlands area of Syria", 2009

22 Lilliu, B., Evaluation report, Project "Strengthening the capacity of two Village Business Incubators (VBI) to promote rural women participation in the labour market in Jordan and Syria", 2012

by priority sector lending for micro-enterprises. The role of women in micro-enterprises is considered a priority by current policy.

Despite an overall reduction in poverty incidence between 1996 and 2003-2004 (from 42% to 31%), there are significant disparities in poverty levels between population groups based on gender, ethnicity, caste, class, and geographic areas. Poverty and deprivation among women are greater than among men due to: a) women's concentration in subsistence agriculture, which is the poorest sector of the economy; b) increase in the number of female-headed households (from 13.2% to 23.3% between 1991 and 2001), which are the poorest; c) low share of female income to household income, due to low female wage rate and low employment rate of females compared to males; d) higher dependency ratio in rural areas compared to urban areas. This means that the burden of supporting the young and the old falls on women, who are mostly left behind due to male migration. This situation has been exacerbated by the conflict, as men have migrated in massive scale leaving the women to fend for themselves and their dependents.

The BSC was established to promote the economic and social empowerment of women, in order to strengthen their capacity to overcome the barriers they encounter within household and community, to help them to make informed choices and to become successful micro- or small-scale entrepreneurs. The centre is located at the FBPWN premises in Kathmandu, however it extends its services to other areas: Kathmandu District (Village Development Committees – VDCs – of Kirtipur and Chapali Bhadrakali); Bhaktapur District (VDC Sirutar); Lalitpur District (VDCs Sainbu and Thecho); Nuwakot District (VDC Okharpauwa, Kakani).

Besides providing business development services (BDS), the BSC offers a referral system to address gender-related issues such as reproductive health and gender-based violence (which also bear a direct impact on women's business endeavours). In this context, the BSC developed strategic partnerships with the Nepali NGO PHECT Nepal and the Counselling Centre

established in Kirtipur with the support of AIDOS. The BSC has liaised efficiently with institutional counterparts operating in Nepal at government, non-government, private sector and international levels to complement areas of expertise and ensure adequate support at field level.

Target communities recognise The BSC as a point of reference for business opportunities. Such positive reputation can be ascribed to the dynamic and systematic relationship with the supported entrepreneurs and to the centre's ability to relate to local communities and households in a culturally sensitive and respectful manner. The continuous field presence of embedded and proactive Social Mobilisers has reinforced the relationship of mutual trust between the BSC and existing and potential entrepreneurs and their families. This is particularly relevant if considered that few target villages are located in very remote mountainous areas. The BSC team also encouraged families' involvement and collaboration in the women-led business endeavours.

The BSC focused on the valorisation of those traditional crafts that employ locally-grown natural products, such as herbs and plants, in synergy with government and civil society organisations that operate in the field of forestry and nature conservation. The BSC promoted linkages with the local fair-trade market and networked with the local offices of international development organisations. This cooperation was instrumental to support a group of vegetable-growing businesses in terms of organic certification, improved irrigation techniques and appropriate market access.

Most of the handicraft enterprises supported by the BSC received technical training or product development and design assistance: this process led to the creation of new products and the improvement of existing ones. The above support was complemented by an adequate product placement in high-end target markets. Relevant marketing linkages facilitated by the BSC include fair trade and handicraft shops of Kathmandu, and to a lesser extent the international market and web-based e-commerce.

Most handicraft-based enterprises supported by the BSC are owned and operated by individual entrepreneurs. Hand-knitting and embroidery businesses mainly work on a sub-contracting basis and contribute to local employment-generation (a limited number of workshop-based monthly salaried employees and a significant number of home-based piece-workers). BSC-supported poultry and floriculture women-led businesses tend to operate as family ventures, through the involvement, support and collaboration of male family members. The market for the above businesses is mainly local (for vegetables, fish and poultry), but it also includes sub-contracting linkages with Kathmandu-based traders (for flowers and broilers). Generally, agro-farming enterprises are oriented towards target market expansion. Their business development objectives include: improving farming techniques to obtain organic certification; investing in equipment (accessed through loans); increasing and diversifying production to reduce the impact of seasonality.

The BSC has so far had a positive socio-cultural impact on three levels:

- *Individual women entrepreneurs and women production groups* - The BSC has positively contributed to their potential and motivation by assisting them during the delicate start-up phase of their business and by providing tailored assistance along the business cycle. Positive changes have been observed with regard to the risk-averse cultural attitude towards business and the customary women roles. The work of the BSC has thus contributed to women's empowerment, self-confidence and self-reliance. BSC-supported enterprises often serve as aggregation points for local women, which contributes to propagating the vision of female entrepreneurship as a means to empowerment and community development.
- *Family businesses* - Several BSC-supported enterprises operate as family businesses. The BSC has contributed to enhance women's involvement in

the family's economic activity, and has promoted a more balanced and equitable division of labour, responsibilities and roles at household level. This process also improves enterprise sustainability.

- *Community level* - The BSC has contributed to improve the community perceptions of female entrepreneurship and has promoted a local enabling environment for business development. Community members view the BSC and the BSC-supported businesses in a generally positive light, with some of them being particularly supportive. This process is reinforced by the culturally-sensitive approach of the BSC team and by the sound reputation of the FBPWN.²³

3.3.5 Africa: The Tanzania Virtual Business Incubator (TVBI)

The Tanzania Virtual Business Incubator (TVBI) was established in 2009 in Dar es Salaam by the Tanzania Gatsby Trust (TGT), in partnership with the Institute of Management and Entrepreneurship Development (IMED), the Small Industries Development Organisation/ Women Enterprise Development (SIDO/WED) and Kwanza Collection Ltd., with the technical assistance from AIDOS and with funding from the Italian Government administered through the World Bank.

The TVBI, also called in Ki-Swahili language MKUBWA (meaning 'big, grown' and used in this context to refer to a "Programme to grow entrepreneurship and women entrepreneurs") was established as an innovative programme of the TGT department for non-financial services.

The TVBI targets women micro-entrepreneurs resident in Dar es Salaam and Kibaha. With a focus on value-added activities, MKUBWA addresses the constraints and capacity building

²³ Sommacal, V., BSC Sustainability Study, Project "Establishment of a Business Service Centre (BSC) for women's micro and small enterprises in Nepal, Kathmandu, Nepal", 2011

needs of women entrepreneurs operating in different sectors: handicrafts, service-based and trade-based businesses, farming, food processing.

Approximately 80% of micro-entrepreneurs in Tanzania are women. They often face greater barriers than men, with particular reference to accessing credit, markets, information and business networks. Women in the MSME sector are concentrated in the informal, micro, low-growth, low-profit areas, where competition is very intense, margins are low, and relatively small start-up capital is required. The incidence of growth of their enterprises is much lower than that of male-owned enterprises. The main constraints to performance of women-owned enterprises in Tanzania are outlined below:²⁴

- At the firm level, the main issues are limited exposure, need for business orientation, low levels of education, skills and business experience. Many women operate businesses as a survival strategy. The business is often an extension of the family and "growth" is rarely considered, and where it occurs, it mainly happens by chance, rather than by design.²⁵
- At the level of the environment and support system for enterprises, the main constraints are limited access to work space and support services, including loan levels suited to the business needs, technical and management training, advice and marketing. These problems arise from limited capacity and outreach

of existing business support institutions, as well as women's inability to afford to pay for the services.

- MSEs also have difficulties accessing quality packaging materials, due to low un-coordinated volumes of production that do not constitute sufficient demand to warrant economies of scale in production and distribution of such materials.
- As for access to finance, microfinance is now widely available in Tanzania, especially in urban areas, thanks to donor support and the popular solidarity group-lending model. However, loan size, timing and other credit conditions might not be suitable to specific types of business like value-added or seasonal activities.
- The laws and regulations affecting businesses (including licensing procedures) were designed for relatively large-scale businesses, which makes it difficult for micro enterprises to comply with them.
- At the cultural level, the main barrier to performance of women-owned enterprises is a cultural environment that makes it difficult for women to start and run enterprises due to their traditional reproductive roles. Women have to divide their time and energy between their traditional family and community roles and running the business. While men can be very supportive to women entrepreneurs, husbands are sometimes a serious hindrance to their spouses' development for example by discouraging them from taking risks and developing growth-oriented enterprises.

²⁴ Tanzania Gatsby Trust Annual Report, Dar es Salaam, 2003; Olomi D.R, *African entrepreneurship and small business development*. Otme Company, Ltd. Dar es Salaam, 2009.

²⁵ Toroka, E. B. and P.F. Wenga, "Tanzania Experience with SME Development", A paper presented at a National Workshop on Micro and Small Enterprises Research. Economic and Social Research Foundation (ESRF), Dar es Salaam, November 11-12, 1997.

²⁶ Olomi, D.R. "Entrepreneurial Motivation in a Developing Country Context: Incidence, Antecedents and Consequences of Growth-seeking Behaviour Among Tanzanian Owner-Managers". Ph.D. dissertation, University of Dar es Salaam, 2001.

In Tanzania, the approach adopted by MKUBWA is unique and still unmatched at the time of writing this publication. Its originality consisted of the following features: (a) its gender focus underpinning the incubator's overall methodology and its specific business development services; (b) the combination of different business development services to ensure a comprehensive, thorough and systematic support to women (potential and existing) entrepreneurs, ranging from the

identification of ideas and aspirations to the establishment of sustainable businesses; (c) a customised and constant field presence; (d) an innovative capacity building approach; (e) a highly market-oriented product development and design (PD&D) support; (f) linkages with food security, environmental and reproductive health aspects.

With a focus on innovation and product development and design, MKUBWA invests most of its resources on marketing, mentoring and coaching. The TVBI utilises a pool of technical and business coaches and mentors to provide tailor-made and field-based assistance to a large number of start-ups and established businesses. PD&D assistance introduces innovations and refines production and finishing techniques, thereby contributing to the creation of new and more appealing products that are successfully marketed in-country and abroad.

The analysis of the enterprises' economic performance highlights considerable improvements over the period of their involvement with the incubator. MKUBWA-supported businesses are significantly contributing to household income, enhancing the welfare of entire families. The TVBI also promotes increased self-confidence and determination among supported entrepreneurs, who gradually became better risk-takers and more self-reliant in the process of identifying and implementing their business strategies for growth and expansion. TVBI-supported entrepreneurs engage in business networking, provide mutual support and advice, and act as technical trainers for other business-women. In order to explore ways to increase cost-efficiency, some entrepreneurs organise production groups in dedicated venues.

The key contribution of the TVBI to local socio-economic development is to equip already existing entrepreneurs with the right type of know-how and expertise to reinforce their businesses and become more profitable, marketable and growth-oriented. A relevant example is the support to the establishment of a dedicated wine-processing laboratory

for compliance with governmental standards for food hygiene and safety, which provided enterprises with access to the licence needed for larger scale commercialisation. Furthermore, PD&D assistance by the TVBI enabled the owner-manager of a small-scale garment workshop to export her fashion products to Europe and secure a market there, thanks also to the know-how acquired through the incubator with regard to export requirements and procedures. This tailored approach has so far been instrumental to encourage other start-up entrepreneurs to follow the same path to innovation and growth. Several women-led businesses requested the dedicated services of MKUBWA, showing interest and appreciation for this type of business support model.²⁷

27 Sommacal, V., Feasibility Study on MKUBWA Sustainability, Activity Report, Dar es Salaam, 2012



Chapter 4

How a VBI can support women-led micro and small enterprises

This chapter focuses on the technical and methodological approaches adopted by the Virtual Business Incubators (VBIs) in delivering their services in support of women entrepreneurship. It provides a detailed explanation of the *functions and services of a VBI*, including an 'input-output analysis', and describes the 'enterprise support cycle' in the VBI system. The chapter also outlines the VBIs' key activities and services: awareness-raising in the local community, orientation of (potential and existing) entrepreneurs, business management training, technical training, product design and development, business counselling, marketing assistance, facilitation of access to finance, business networking. The last section explores the VBI's own purpose-designed training curriculum - including the learning objectives, the outline of the key topics, as well as recommended training approaches and the resources required.

4.1. Role, structure and context of a VBI

AIDOS designed and established VBIs that operate as **resource hubs** to promote and nurture the development of female entrepreneurship in developing and transition countries. A VBI is aimed at stimulating and diversifying the local economy, contributing to improved livelihoods of the communities and empowering community members as proactive agents of change. (See Box 4)

The VBI facilitates and supports the establishment of women-led micro- scale and small-scale enterprises (MSEs), thereby providing women with opportunities for independent, home-based (when relevant), flexible and **sustainable income generation**. This process is based on the acquired skills, local resources and a limited start-up capital. Many of the VBI-supported micro-entrepreneurs operate on an individual basis.

Box 4

Village Business Incubator, Syria, 2005: addressing a business-averse environment

Syria is famous for its trade and crafts traditions, flourished in ancient times along the Silk Road. However, for a number of historical reasons, the Coastal Midlands of Syria did not keep up with this tradition.

Tobacco cultivation is the main economic activity in the area and generates minimal income and very limited livelihoods for the local population. Villages are scattered across remote hills and mountains, far away from the city. People's subsistence generally depends

on the salary of one or more family members working in the public sector, commuting to the city on a daily basis and bringing to the villages food, clothes and other basic commodities.

A high rate of male rural-urban migration leaves women alone to support their households. For most people a public sector employment represents a safe option to ensure the family livelihood. In such a context, the VBI instilled a more entrepreneurial attitude, inspiring people to become self-reliant and to valorise the local economy and women's participation therein. After some initial reticence, women started trusting and applying the technical advice of the VBI staff and began generating some income as a result: this was the turning point. Continuous follow-up and

dialogue with women beneficiaries transformed their approach, which was initially based on a passive attitude as recipients of development. The interaction with the VBI turned them into proactive agents that pursue their own business objectives.

The VBI has contributed to enhancing the local communities' outlook on their development potential, which has rapidly evolved into well-rooted awareness and self-confidence. ■

Such micro-businesses might be composed of one owner-manager-worker or otherwise by a few workers managed by a businesswoman. The scale of the supported enterprises varies according to the type of economic activity (production, services, trade) and on the market dynamics. In the case of particularly successful enterprises, the VBI encourages growth into small-scale, if demand-led, and formalisation, where relevant. The VBI is also designed to facilitate inter-firm networks such as joint procurement and joint marketing, backward and forward business linkages and sub-contracting agreements with medium to large-scale firms.

As a strategy to stimulate the local economy, the VBI places great emphasis on supporting **value-added activities** in a variety of economic sub-sectors, e.g. food processing, small-scale manufacturing and handicrafts. (see Box 5) Services and trade-based activities are also encouraged when demand-led, sustainable and contributing to the overall economic development of the community through income

generation and employment creation, as well as by making inputs, goods and services available to other entrepreneurs. The VBI tends to promote **diversification and innovation**, thereby helping the women beneficiaries to shift from survivalist, low-margin activities characterised by price-based competition and saturated markets, to higher margin production and markets led by innovation and **quality-based competition**. Here, micro- and small-scale enterprises have a better chance to develop their competitiveness.

The VBI adopts a **highly market-oriented approach**, as it analyses and monitors markets in relation to existing and potential products or services, thereby identifying high-potential economic sub-sectors, market niches and even specific product lines that are compatible with the skills and resource base of the target area. The VBI provides an open space for **business-related capacity building** based on an integrated and tailor-made portfolio of enterprise support services and resources. These are specifically designed to tackle the

Box 5

Reasons for supporting value-added activities

- Value-added activities are generally non-seasonal, they support the household needs throughout the year and are not subject to unexpected variations in weather patterns or to the wide and unpredictable price fluctuations of agricultural markets.
- Training activities can be aggregated (in particular for the managerial component) without losing relevance to the entrepreneurs' needs.
- Their value-added character helps the beneficiaries to escape the survivalist trap, ensuring a margin that can be reinvested for additional stability.
- They allow the transition from perfectly competitive to imperfectly competitive markets (where some 'non-price competition niches' can be effectively carved out), and reduce the risk of saturation created by reproducing typical family-run rural IGAs.
- Their competitiveness can be built on quality, design, uniqueness, authenticity, innovation and customer service, rather than just cost-efficiency and price setting.
- Their market is not necessarily localised. Risks are spread by diversifying marketing channels at regional and national levels.
- Problems of transport and storage of fresh produce can be avoided or contained.
- For the same level of labour intensity, these types of businesses offer comparatively more employment opportunities because of division of labour and more complex production processes.
- These types of businesses are more likely to give birth to 'success stories', thereby establishing local leaders who can stimulate the local economy. ■

challenges that women face in accessing (and successfully operating in) the business environment. Creative training solutions, individualised business counselling, innovative approaches and strong market-orientation shape the VBI methodology, which is further strengthened by a special focus on gender and community development.

The VBI is centred on the provision of an **integrated and flexible package of Business Development Services (BDS)**, mainly of non-financial nature, consisting of:

- Entrepreneurial awareness and business orientation
- Business management training (basic/intermediate and advanced)
- Technical training
- Product development and design (PD&D)
- Business planning and counselling
- Marketing intelligence and support
- Facilitation of access to appropriate finance

The above services are conceived as affordable, personalised and dedicated **step-by-step guidance** to potential and existing entrepreneurs, from the conception of a business idea through its fully-fledged realisation into profitable, sustainable and (where appropriate) growth-oriented business reality. The input-output diagram in Fig. 4.1 indicates on the left side the factors employed for the establishment and functioning of the VBI; and it lists on the right side the BDS portfolio described above.¹

The following sections illustrate the content and the organisation of each component of the VBI business development service portfolio.²

1 Lustrati, A. – 2nd Technical Assistance Mission Report: VBI Staff Induction, Project “Establishing a Village Business Incubator for women’s micro and small enterprises in the Coastal Midlands Area of Syria” - EU, IFAD, AIDOS, FIRDOS. April 2005.

2 The VBI inputs are illustrated in Chapter 5 of this publication. Introducing the outputs before the inputs facilitates the understanding of the resources needed to establish and operate the VBI, as well as the identification of relevant criteria for the definition of an effective monitoring and evaluation framework.

4.2. The VBI cycle of support to women-led MSEs

The VBI business development service portfolio is structured as a systematic sequence of actions to support potential and existing women entrepreneurs through a comprehensive and gradual incubation process. Each service can also be considered and delivered as an independent component depending on the supported entrepreneurs’ specific needs and business performance. Some of the services are delivered to groups of women or to community members at large, while others specifically address individual entrepreneurs and those (workers and family members) closely involved in their business, as appropriate.

Before explaining in detail each component of the VBI ‘service package’ in the sections below, it is important to emphasise that the VBI-promoted training in business management for women-led micro-enterprises is designed as part of a wider, holistic MSE-support package of non-financial and financial BDS. Both BMT and AMT are systematically integrated with the concepts and practice of:

- market analysis / feasibility study
- business planning
- technical training
- PD&D
- access to credit
- enterprise strategy reviews
- continuous follow-up through local promotion and business counselling

Based on the above, clients MSEs are offered a ‘business support cycle’ (rather than just a ‘training cycle’). The flow diagram in Table 4.2 illustrates the integration of the VBI basic and advanced management trainings within the VBI cycle, and the approach of continuous enterprise-level follow-up and intra-VBI coordination.

Fig. 4.1 VBI input-output diagram

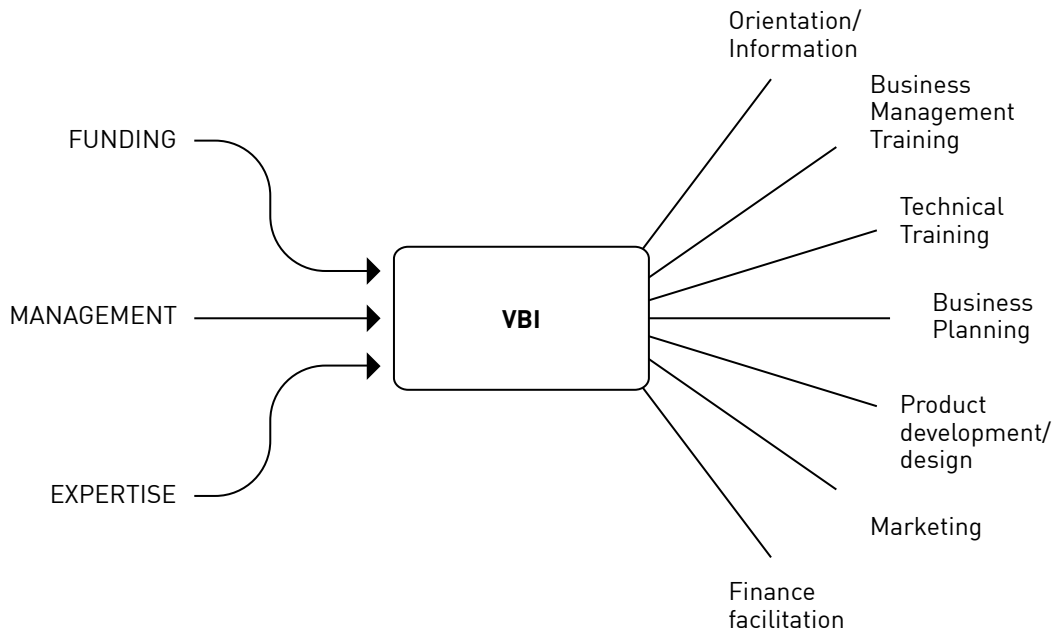
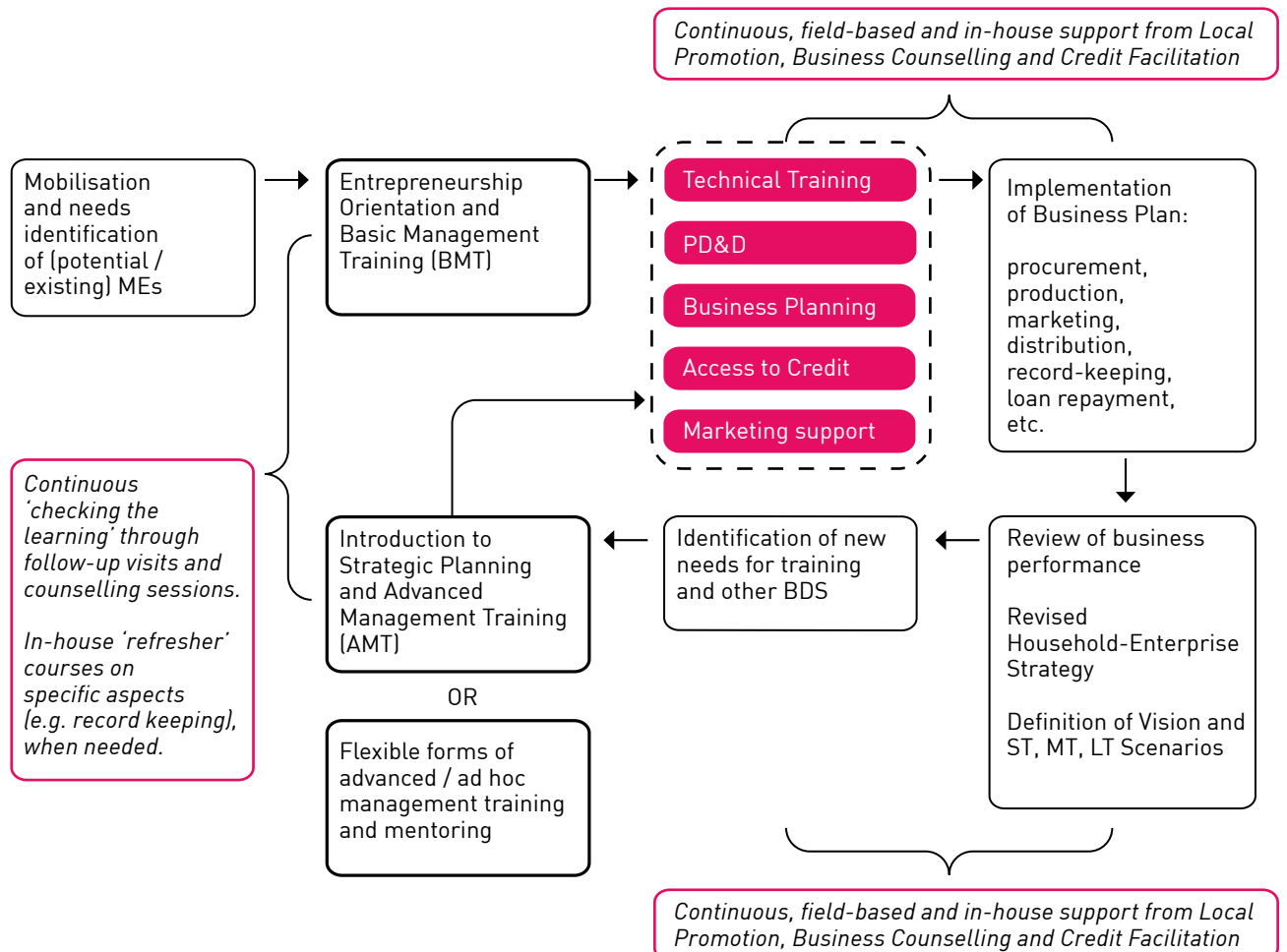


Fig. 4.2 Flow diagram showing the VBI 'enterprise support cycle', the role of training (AMT & BMT) therein and the need for intra-VBI coordination



4.2.1 Awareness raising

At the start of its operation, the VBI organises an **information campaign** to promote its service offer in the target communities. This activity raises people's awareness on the importance of private business and female entrepreneurship for more equitable and sustainable economic development and local livelihoods. (see Box 6)

Local promoters organise the above campaign by liaising with local authorities, community-based organisations, community leaders and other supportive individuals as relevant. The local community at large is invited to gather in meeting places like schools or town halls. Where women are subject to any form of mobility constraint, the VBI can organise the above meetings in places easily accessible by women (or women only) such as private residences, clubs or counselling centres. Additional communication takes place through different channels, e.g. posters, radio announcements, door-to-door visits of VBI promoters, word of mouth. The type and size of audience to address can vary according to the geographical and social features of the target area and the need for cost-efficiency. Information sessions illustrate the VBI role and objectives in a simple and clear manner. They also introduce the VBI staff and donor/support organisations, the type of services offered, how they are provided and how they can be accessed, the eligibility criteria to participate, as well as the cost of services where a fee is involved.

Information sessions adopt an interactive and entertaining style in order to attract the potential beneficiaries and raise the interest of the community at large. During the information session a **VBI brochure** or leaflet with key information and contacts is distributed to the participants. The leaflet can also include a coupon to be filled by women with their name, contact details and job as an expression of interest, to be returned to the VBI. The collection of the above coupons enables the VBI to contact potential beneficiaries, interview them and produce an individual profile or VBI application. Based on the screening of these profiles, the VBI creates a roster of applicants that can be selected and invited to orientation sessions or to other VBI initiatives, as relevant.

Box 6

Business Service Centre, Nepal 2008: creating an enabling environment for new forms of business support.

During the information sessions and the awareness campaigns, it is important to ensure effective communication by adopting a shared language and value base. The information events held in Nepal for small groups of women started with a short meditation session, a practice commonly performed by local women to enhance concentration. This type of 'ice-breaker' contributed to create a conducive environment for introducing the VBI and to generate acceptance around this new initiative. ■

4.2.2 Orientation of potential and existing entrepreneurs

The aims of the Orientation Workshop is to provide a detailed explanation of the VBI role, **verify entrepreneurial predisposition and achievements** of the women applicants (both potential or existing small and micro-entrepreneurs), organise them in groups (for the purpose of training) according to skills and potential, and prepare to tailor the business training curriculum to their needs.

The rationale of the Orientation Workshop is to **raise awareness and provide guidance for local women who want to work in business.**³ It can be typically delivered over 3 days (4 hours a day) and ideally addresses around 20 to 25 women at a time.

³ Lustrati, A. – 3rd Technical Assistance Mission Report, Market Study, Development of Orientation and Business Management Training, Project "Establishing a Village Business Incubator for women's micro and small enterprises in the Coastal Midlands Area of Syria" - EU, IFAD, AIDOS, FIRDOS. July 2005.

The Orientation workshop is delivered by the whole VBI team under the coordination of the Training Officer. The trainers and facilitators use a mix of interactive exercises, theatre sketches, story-telling, video projections, pictures display, role-plays, written exercises.

At the end of each training session or at the end of the workshop the staff provides trainees with a reference booklet containing the main concepts and information presented. At the end of the workshop participants are required to fill in a training evaluation form. (see Box 7)

Box 7

Village Business Incubator, Syria 2005: theatre sketches as adult learning technique.

The Orientation Workshop may address an audience completely new to the subject, in certain cases not used to attend trainings and with a limited attention span in a class-room setting. It is important that the style of the Orientation be as interactive and entertaining as possible, by making use of role-plays, exercises, videos or any learning tool that enhances the audience's retention. In Syria, theatre sketches are a very popular form of entertainment. With a view to explain the key concepts of the Orientation Workshop, the VBI Staff designed interactive theatre sketches to recount the experience of an imaginary entrepreneur: 'Saadiyye, the tailor'. The above sketches were performed firstly by a professional acting company and later on by trained volunteers. Saadiyye's episodes acquainted women with the basics of doing businesses such as the importance of marketing, costing and pricing, and timeliness, while creating an enjoyable and conducive training atmosphere. ■

4.2.3 Business Management Training

The beneficiaries who have attended the Orientation and who have confirmed their intention to pursue their business venture are enrolled in the Business Management Training (BMT). This course can be delivered over 5 days (4 hours a day) and is aimed at introducing the beneficiaries to the fundamental elements of SME management and business planning. Specifically the BMT aims to:

- (Further) sensitise the trainees regarding the importance of management skills.
- Transfer the basic knowledge necessary to ensure the correct running of a business, from the production/delivery, organisational, human resource, planning, marketing and financial points of view.
- Clarify and consolidate individual business ideas, and to grasp which aspects need to be explored in order to verify their viability.
- Provide tailor-made support to pragmatic, realistic, context-relevant and flexible business planning.
- Create a forum for women to share views and experiences, stimulate their entrepreneurial spirit, and to start building a support network as the foundation of a local women business community.

The Business Management Training can be delivered at **basic/intermediate and advanced levels**, depending on the baseline knowledge and skills of the trainees. The Advanced Management Training (AMT) is designed for those trainees who have completed this first cycle of VBI Orientation and BMT and have subsequently moved on to conceive or finalise their respective business plans and/or to implement the necessary changes in their business operations. The AMT course can also address those women running previously established or consolidated businesses, who already possess basic business management knowledge but need to acquire more specific skills to further improve their business performance. ⁴

4 Lustrati, A. – 4th Technical Assistance Mission Report: Development of Advanced Management Training, Capacity Building on Business

Also, given the nature of the target group, the additional thrust of the advanced training would be to stimulate entrepreneurs to become proactive in their sourcing of support and specialist inputs, and ultimately self-reliant in terms of their capacity for planning, management and promotion. (see Box 8)

Box 8

Business Service Centre, Nepal 2010: mentors as role models.

The Business Management Training may represent a demanding task for many trainees as it exposes them to rather complex concepts and information. At this stage, learning about the experience of entrepreneurs who started from scratch and yet succeeded in their field can provide encouragement and inspiration. The Business Service Centre utilised as a success story the experience of a lady who started working as the first woman tuk-tuk driver of Nepal and went on to become years later the leading national producer in the button industry. Her remarkable experience is quite unique: she maintained contact with her local community and enthusiastically offered her mentorship support to the BSC trainees. This role model allowed the BSC trainees to see a living proof that business success is achievable despite the challenges of their specific environment. ■

4.2.4 Technical Training

Another core component of the learning process for the women entrepreneurs targeted by a VBI is the 'technical training'. This needs to

be organised after the trainees have attended the business management course, have reconfirmed their business idea and understood its implications, a basic feasibility study has been carried out and the cost-effectiveness of learning new skills or upgrading existing ones has been assessed.

The technical training **can be delivered in various forms** e.g. on-the-job skill transfer, conventional vocational training, informal apprenticeship at an artisan workshop, or a formalised course with an accredited institution. The training in technical skills is a crucial aspect of the VBI approach, as it builds the capacity to 'create value' and thus supports those value-added micro-enterprises that may be strategic for local economic development. (see Box 9)

Box 9

Business Service Centre, Nepal 2011: learning about innovation and design while valorising and protecting the environment.

A group of five BSC trainees decided to take advantage of their location near a nature reserve in the Nepali mountains by starting a natural dyes business. With the support of a highly experienced professional facilitated by the BSC, the five entrepreneurs learned how to extract pigments from locally available plants and how to process them in order to dye natural fibres such as linen and cotton. These were then sold to the textile traders in Kathmandu. Their technical training also involved the local forestry authority, which raised their awareness on appropriate natural resource management. The women were instructed on the allowed quantity of plants to collect, so that the environment would not be negatively affected. ■

The key feature of this component of the VBI portfolio is that technical training delivery can be **highly diversified**: while business management training can be to a certain degree 'standardised' (at least at the same baseline skill level) and delivered on a group basis for the whole cohort of trainees, technical training - aimed at improving women's capacity in production, processing or service delivery - caters for different needs depending on the type of micro-enterprise and economic sub-sector selected by each client. Training subjects might range from food-processing (e.g. dairy products) to tailoring, pottery, hairdressing, nursery services or carpet weaving. Because of this variety, the technical training is mainly arranged by the VBI through **freelance trainers** contracted on-demand, or facilitated through other skill-building programmes or existing **training institutions**. For the sake of cost-efficiency and rationalisation of resources, the incubator endeavours to group, as much as possible, those trainees who have the same or similar interests: this allows the team to organise training sessions and practical demonstrations in small groups (when feasible), rather than focusing only on individual training. However, in some specific cases, the investment of one-to-one tailored training might be justified, especially in the case of skills and techniques for very specialised enterprises (e.g. a particular craft technique). (see Box 10)

Table 4.3 illustrates the different steps of a typical VBI training cycle and their indicative duration.⁵

⁵ Lustrati, A., "1st Technical Assistance Mission Report", Project: 'Establishing a Village Business Incubator for women's micro and small enterprises in the Coastal Midlands area of Syria' (EU, AIDOS, FIRDOS), 2005.

Box 10

Assessing the technical training's relevance for the selected enterprise.

From the experience of a variety of SME-support programmes, 'access to technical training' is usually a key expectation of trainees applying for an enterprise development course, second in order of importance only to 'access to finance'. It may however happen that the technical skills' training requested by the trainees is actually not related to their business idea or to the IGA they want to upgrade. For instance, numerous trainees might wish to access training in computer skills, even when involved in setting up an embroidery workshop or a garden for medical herbs planting. This might be explained by the demand for low-cost training suited to secretarial jobs, an indicator of preference for employment rather than self-employment. It is thus crucial, during and after the orientation phase, to test and verify the genuine motivation of the beneficiaries with regard to becoming micro-entrepreneurs and to provide them with tailored advice on the most suitable technical training. ■

4.2.5 Product Development and Design (PD&D)

PD&D is meant as the process of either **creating new products or improving existing ones**, taking into account the skills and technology endowment, the availability of raw materials and equipment, and the products' marketability. Valuable niches are not just identified in existing markets, as they can also be 'created' (**supply-derived demand**) through innovative design-intensive production or service-delivery, and through product diversification aimed at expanding existing demand.

TABLE 4.3 VBI Training Cycle

Orientation	Individual follow-up and focus groups on business ideas	Business Management Training	Technical Training		Support to compilation of Business Plan
	Provision of market info from sub-sectoral studies			Support to in-depth feasibility study and cost estimate	
	Support to simplified feasibility study				
3 days	2 weeks	5 days	not to exceed 2 months		1-2 days



In the case of micro-entrepreneurs like artisans, PD&D should be carried out through **interactive and participatory sessions** (ideally on a one-to-one basis) covering the whole cycle from the conception of a product idea, its technical design, the production and testing of a prototype, and the adjustment of finishing and design flaws. The result should be a 'new' or 'revised' product that is truly 'owned' by the artisan in terms of both process and output, through a method described in Box 11 below. ⁶ **External designers and product development experts** outsourced by the VBI complement the technical training through systematic and well-focused market-oriented PD&D. This helps the business woman to apply her new skills to the development of products with market non-price potential (in terms of uniqueness of design ⁷, branding and packaging) and enhanced price competitiveness (through the application of relevant skills and appropriate technology, and the rationalisation of the production process). In planning terms, while the technical training can be a one-off compact event before business start-up or overhaul, the PD&D services can come at a later stage in the form of **regular follow-up** of the established enterprise and can be successfully combined with on-site business counselling sessions.

As for the variety of technical training areas, and thus of production sub-sectors, PD&D services are also highly diversified. However, the VBI makes the most of a designer's availability in the target area by aggregating women entrepreneurs and their workshops based on the raw materials or production techniques utilised: in this way, the PD&D specialist is able to work in parallel with various beneficiaries during the same period (although several one-to-one sessions are paramount) in order to develop product lines and families that might also stimulate inter-firm linkages. (see Box 12)

Box 11

PD&D Process: methodology for a 9-step interaction between Designer and Artisan, aimed at solving a design/business development problem.

- First contact between Designer and Artisan and first exchange of observations.
- Artisan understands the importance of design advice and confirms willingness to collaborate.
- Designer and Business Counsellor perform enterprise analysis.
- Artisan and Designer identify PD&D priorities.
- Designer proposes solution(s) through sketches, technical drawings, models of new or improved products.
- Artisan discusses / modifies / accepts solution.
- Artisan and Designer experiment on PD&D solution (at this stage, they take into account - with the support of the Business Counsellor - all implications regarding finance, marketing, technical skills, equipment endowment, procurement of raw materials, etc.).
- Artisan and Designer finalise prototype.
- Promotion of new/improved product through exhibitions and marketing.

To complete the above: feedback loop to integrate good practices and lessons learnt into the cycle for next reiteration. ■

⁶ Adapted from Lustrati, A., 'Product innovation in the enterprise development strategy', in "Jua Kali: designing the economy", Nairobi, July 2009, ISBN 978-9966-7402-0-1

⁷ Where 'design' is intended as including elements of aesthetics, functionality and ergonomics.

Box 12**Village Business Incubator, Syria 2007: Mountain Flower, a successful dairy business blending local and international expertise.**

Sabah is a woman in her forties, living in a remote mountain village. When she first approached the VBI, Sabah was producing traditional cheese with the milk of her own cow, and selling it to her neighbours. Profits were minimal. The VBI realised the need to develop production, and to improve the workplace and the hygiene standards, so to add value to Sabah's produce and enable her to meet a larger demand beyond the village area. The VBI outsourced the services of an Italian experienced cheese-maker to assist Sabah in producing Italian-style cheese to cater for a niche market of both expatriates and Syrians. The availability of this new and tasty cheese, the good quality, the appropriate packaging, and the strategic promotion supported by the VBI secured a stable market for Sabah. With the increased profits, Sabah purchased other cows, built a dedicated workshop and continued investing in her small-scale profitable venture. ■

Box 13**Business Service Centre, Nepal 2010: Reaching out to the most isolated.**

The BSC trained a group of women who manage flower green-houses and live in very remote and hardly accessible mountain areas. In order to maintain a closer contact with them, the BSC recruited two locally-based young women as BSC Promoters who would liaise between the office and the supported entrepreneurs. The Promoters, adequately briefed and constantly advised, were able to identify the clients' skill gaps, training and counselling needs, enabling the BSC to address them promptly. Soon these two young Promoters became a valuable reference point and brought expertise as well as new business ideas to the community. ■

acquire the skills to assess their current situation, to analyse the benefits and risks of different alternatives, and to make an informed decision on whether to act or not. Above all, the counsellor **develops rapport and build relationships to assist clients in recognising and achieving their personal and entrepreneurial goals and objectives**. (see Box 13)

4.2.6 Business counselling

Another key feature of the VBI approach is the **systematic and regular monitoring and support of entrepreneurs' needs and performance**, especially in the delicate phase between the end of the training period and before the actual take-off or overhaul of the micro or small businesses. Counselling is a process through which one person helps another by purposeful conversation and exchange, in an understanding, enabling and constructive atmosphere. Through this facilitation process, the business counsellor leads and assists the VBI beneficiaries to

This type of tailored assistance is usually accessed by the beneficiaries through the field visits carried out by the Local Promoters (whose task is to identify problems and then refer the beneficiary for specific support to the relevant technical staff), and through the technical assistance provided during one-to-one (or small group-based) counselling sessions offered by Business Counsellor, Training Coordinator and Marketing Officer. Additionally, clients who are already aware of skill gaps or bottlenecks in their micro-businesses can also request specialist advice directly from the relevant VBI team member (either in-house or on-site). (see Box 14)

Box 14

Tanzania Virtual Business Incubator, 2012. Starting, nurturing and growing sustainable businesses.

Entrepreneur Stella Matutina received thorough support from the TVBI to manage her grapefruit beverage processing business and to improve its performance. Improvements in the production process enhanced product quality. After having successfully tested her product in the market, Stella Matutina identified the opportunity to target a wider customer base. However, formal certifications and licences were needed to sell her products in supermarkets and large stores. Through the intensive business counselling service received from the TVBI, Stella Matutina engaged in the construction of a new and more efficient workshop that ensured compliance with the required hygiene and safety standards and facilitated the certification and licensing process. ■

Small business counselling is the cornerstone of business development in the VBI, especially in connection with the advanced management training. The business counselling staff is there to assist potential and existing business owners in achieving their goals through proper planning and guidance: this involves assisting clients to research their business idea, understand the variables that may affect their initial business strategy, and then develop a plan that works for them (see Table 4.4). Areas of assistance might range from the fine-tuning of a business plan to the re-thinking of a marketing strategy; they might also include specific questions on financial options or the request for product development information. One important area that is covered through business counselling is the service of legal advice on enterprise formats, licensing, permits, registration and (government or voluntary) product standards.

Business counselling is provided with regard to the full range of enterprise functions, including marketing, financial and human resource management, access to capital, innovation/product development and operations. Counselling relationships can range from a one-time session to an on-going relationship with regular meetings over extended periods. Business counselling sessions are always best delivered at the entrepreneur's premises, for both practical and analytical purposes. This flexible set-up allows the women entrepreneurs to access the necessary on-demand support in a timely and fluid manner.

4.2.7 Marketing assistance

Based on the experience of small enterprise development programmes, attempts to ensure the market-orientation of a business incubator and the viability of the proposed SMEs may be constrained by the lack of specific information on the individual enterprise strategies, by the need for **in-depth market intelligence**, and by the absence of **sub-sectoral studies** assessing the actual potential of different types of activities based on local materials, local skills and market potential.

As the VBI is by definition a supply-side intervention, it clearly needs to emphasise its demand-side or market orientation by responding to the demand for its services (by analysing existing businesses and their training needs) and acquiring very detailed and specific information on market potential of the proposed SMEs. On a continuous basis, this is done primarily by means of in-depth field interviews to verify the constraints in the enterprises and the gaps in the market (thus looking at both supply and demand), and then by carrying out small-scale focused sub-sectoral studies on the activities that emerge as the most viable. (see Box 15)

Performing the above analysis, together with the baseline information and strategic directions provided by an inception market study, enables the VBI to provide its trainees with informed

TABLE 4.4 Template for a basic business plan

A typical business plan for micro-enterprises , prepared with the support of the VBI, contains the following information:	
Overview of business plan	business concept; current situation; key success factors; financial situation and needs
Vision	statement and milestones
Market analysis	overall market structure; local markets; market trends, segments and niches; target market and customers; customer profile(s); customer needs; customer buying decisions
Competitive analysis	industry overview; type of competition, competitiveness drivers; changes in the industry; primary competitor; competitive products/services
Strategy	key capabilities and assets; key weaknesses and risks; implementing strategy
Products/Services	product/service description; positioning of products/services; competitive evaluation of products/services; future products/services; key implications of procurement and production/delivery process
Marketing and sales	marketing strategy; commercialisation outlets; sales tactics; advertising; promotions/incentives; publicity; trade fairs and product exhibitions
Operations	key personnel; organisational structure; human resources; product distribution/service delivery; customer service/support; infrastructure and facilities
Risk analysis, financial analysis and projections	assumptions and risks; profit and loss projection; cash-flow projection; balance sheet projection; business ratios and analysis

Box 15**Village Business Incubator, Syria 2007: textile heritage meets contemporary design and opens the doors of high-end hotels.**

It was with excitement that the five business women who established the Wardghan Home Textile enterprise in a rural village of the Coastal Midlands, walked into one of the most exclusive hotels of Damascus to proudly introduce their bedspread and curtains collection to the hotel managers. Their determination, together with the

attractive design and good quality of their products, earned them an important order for bedspreads from the hotel. A big result indeed, considering that they started operating a sewing machine only two years before. Thanks to the support of an artist-designer sourced by the VBI, the business women created unique patterns using traditional Syrian fabrics. They produced original sophisticated products and successfully promoted them in the market as: unique (each piece is different); handmade; inspired by the legends of the ancient civilisations of Syria; valorising a traditional craft technique; bringing new prospects, self-confidence and wealth among the women entrepreneurs and their households in the rural communities. ■

advice on which venture to embark upon, thereby minimising risks of failure. This brings on board the role of market analysis connected with PD&D and vice-versa. It is not sufficiently viable to start a business in handicraft based only on technical and management skills: the design and development of new products with a distinctive style and good price-quality ratio is key to the success of the enterprise. At the same time, PD&D should not be promoted in isolation: despite well designed products stand a good chance of creating their own demand, the product development process needs to be continuously fed by market information.

The relationship between market analysis and PD&D is therefore circular, meaning that they should continuously influence each other.

Besides assessing the market potential and providing market-related advice to the women beneficiaries, the VBI – primarily through its Marketing Officer – practically supports the promotion and distribution of products and services by the targeted micro-enterprises. It does so by performing the following main functions:

- identifying potential marketing channels and commercialisation outlets (local, regional and, if feasible over time, also export-related);
- providing advice on problems of packaging and distribution of products;
- gathering information on convenient sub-

contracting linkages;

- disseminating information on and facilitating participation in trade fairs and product exhibitions;
- identifying and expressing the USPs (Unique Selling Points) of each supported enterprise;
- facilitating synergies and networks of micro-businesses for production and marketing purposes;
- assisting in the design and production of promotion and publicity materials for the micro-businesses;
- supporting the setting up of a VBI show-room at the incubator's premises;
- studying the feasibility of small marketing outlets (e.g. in a close-by urban centre with a dynamic market and promising purchasing power, at tourist sites near the target area – where existing infrastructures allows, etc.).

All above tasks are carried out through an enabling and participatory process, with the aim of gradually building the capacity of the women entrepreneurs as regards the marketing of their products and services, thereby avoiding the on-set of long-term 'dependency' on the VBI marketing assistance.

Fair trade

Besides promoting the marketing of the products

Box 16**Exploring alternative trade models.**

In Tanzania, the incubator team explored the feasibility to access export markets, which resulted viable in a few cases. Two Tanzanian trading companies with fair trade certification and clients in Europe and North America, became interested in sourcing products or semi-finished items from women-led businesses supported by MKUBWA, in order to market them to their own clients and/or include them in their own sales collections.

In Syria, before the beginning of the political crisis, the VBI developed an interest for the fair trade market and the first steps were taken to build a partnership in this sector with the Directorate of Agriculture in Lattakia (as this institution targeted the same social groups in the same geographical area). Technical assistance provided by international fair trade experts equipped the VBI team with unique knowledge. As a result, the new expertise of the VBI staff was outsourced by local organisations that were interested in disseminating information on fair trade through dedicated training sessions.

In Jordan, market outlets and customers are not yet very familiar with ethical products, although some certified fair trade goods are present in the market (honey, tea, coffee, garments). Local organisations such as the

Jordan River Foundation and Wild Jordan support 'social production' (organised through informal production groups in the rural areas), and/or directly sell products defined as 'ethical' as produced by rural women in order to support their social rights and to preserve the traditional Jordanian heritage.

Box 17**Women Business Development Incubator, Jordan 2012. Embracing the 'fair trade' concept.**

During the technical assistance missions performed by international fair trade experts, the WBDI staff learnt about principles, requirements and procedures relevant to 'fair trade' market entry. This knowledge enabled the WBDI supported-entrepreneurs to assess prospects and challenges for their businesses in relation to fair trade. The WBDI team also connected the fair trade concept with the issue of WBDI sustainability, e.g. by evaluating the feasibility of a marketing entity dedicated to the fair trade channel. The WBDI liaised with a range of international and local fair-trade organizations, as well as with Jordan-based businesses that had embraced the fair trade principles and approaches. These linkages resulted into valuable on-line marketing opportunities for the WBDI handicraft businesses. ■

of the VBI-supported enterprises in mainstream markets at local, national and regional level, the VBI explores the opportunity to involve the women-led businesses in the 'fair trade' market.⁸

The VBI assesses whether enterprises in the handicraft and food-processing sectors possess the relevant capacities. The VBI team explains to the entrepreneurs the requirements, standards

and processes for fair trade market entry, e.g. criteria for product certification.

Through the support of national and international experts, the incubator team also promotes suitable products by facilitating business linkages between fair trade organisations and selected VBI-supported enterprises (see Box 16). The VBI clients in Syria, Jordan, Nepal and Tanzania all showed interest in fair trade opportunities presented to them by the incubator teams. However, the majority of the supported enterprises are micro-scale, informal and often run as sole traders. The VBI teams therefore had to identify specific product lines that would be feasible, as fair trade in some cases requires more structured, registered enterprises,

⁸ For definitions of the 'fair trade' concept and an overview of principles, standards and organisations involved in the relevant social premium markets, see Fairtrade International at www.fairtrade.net, the Fairtrade Foundation at www.fairtrade.org.uk/what_is_fairtrade, Fair Trade Federation at www.fairtradefederation.org, and the World Fair Trade Organisation at www.wfto.com/index.php

with a higher production capacity that can satisfy demand in terms of quantity, quality and timeliness. (see Box 17)

4.2.8 Finance facilitation

The VBI service portfolio primarily concentrates on non-financial BDS (training, counselling, business planning, PD&D, marketing), however it also ensures an active *facilitation of access to finance*, taking care of **keeping its role separate from the one of the actual finance providers.**

The VBI supports the individual woman entrepreneur in the identification of her financial needs, it advises her (if needed) on the type of financial product suitable to her enterprise strategy, and endeavours to link her to the relevant credit scheme or institution, going as far as negotiating specific terms and conditions for 'VBI-compatible loans', within the framework of the locally-available commercial and developmental financial markets. (see Box 18)

The VBI, mainly through its Business Counsellor/ Credit Officer and under the supervision of the project and incubator management, works to identify the best options of micro-finance/ rural finance services for its clients. When necessary, the VBI team also negotiates terms and conditions of purpose-designed financial products (mainly small loans, but also forms of savings and insurance when applicable), suitable to women micro-businesses working on value-added activities, with good market potential, seeking start-up or consolidation finance, and needing above all:

- an appropriate grace period
- a realistic and sustainable interest rate
- repayment timing and instalment volume proportionate to turnover and cash-flow
- a timely and continuous follow-up
- a strong synergy and coordination with business and technical training and other BDS
- a loan issue subject to training attendance and business plan approval (by the non-financial BDS body, i.e. the VBI).

The VBI is not conceived to provide such financial products directly but only to facilitate access to suitable credit and other financial services needed by the women-led enterprises. However, in order to do so effectively, and in the interest of women entrepreneurs, the VBI should endeavour to help the trainees verify whether finance (coming from sources other than their household income/savings or family network informal credit) is both *necessary and convenient*. (see Box 19)

4.2.9 Business networking and business linkages

The VBI portfolio can also include, depending on the feasibility and relevance of '**ancillary services**', *ad hoc* activities aimed at:

- facilitating business networking, especially amongst producers and between producers and traders
- providing a forum for mutually advantageous exchanges of information through the setting up of local 'business clubs'
- stimulating inter-firm co-operation, e.g. joint purchasing or marketing groups – in order to enhance the collective bargaining power of women-led enterprises
- identifying convenient sub-contracting linkages with medium and large-scale companies
- promoting the access to venture capital and to 'business angel' financing, by connecting potential investors with promising entrepreneurs.

The feasibility of the above services improves as the VBI evolves as a service centre, once sufficient information has been gathered and a critical mass of local entrepreneurs is reached and supported. The VBI team works towards the expansion of the portfolio to include these networking functions, by gradually integrating some of them in the core incubation services.

Box 18**Village Business Incubator, Syria 2007: considering different attitudes and expectations towards micro-finance.**

After completing the training cycle and while compiling the business plan, some beneficiaries were planning to ask for a loan amount much higher than what was needed for their enterprises. This may happen when there is an intention to use the loan to cover costs not associated to the enterprise, such as a wedding party or home renovation. As part of its counselling activity, the VBI carefully detected this type of dynamics, as well as verifying whether the trainees had already taken out other loans (still out-standing), and assessing the beneficiary's ability to repay the loan timely. On the other hand, other VBI clients displayed a very conservative and cautious approach to micro-finance, preferring to rely exclusively on their own savings, no matter how little they were. In the latter case, despite the need to realise the importance of enterprise finance, it is advisable to align the VBI support to the entrepreneur's preferences and to allow the necessary time for the entrepreneur to familiarise herself with external financing modalities. ■

Box 19**Women Business Development Incubator, Jordan 2010: external micro-finance officers present different credit options.**

As part of the training module on credit and business financing, the WBDI team invited several officers representing the majority of the micro-finance institutions (MFIs) operating in the country to illustrate their micro-finance products. This approach proved very appropriate and time-effective for the women trainees, as it highlighted an array of opportunities and contacts and enabled them to make informed decisions on which option to consider further and which MFI to approach. The WBDI Business Counsellor followed-up this process by advising the incubator's clients and ensuring that the chosen financial product fit the enterprise needs. ■

4.3 VBI training curriculum

As part of the preparatory operations of a VBI, one of the most important tasks of the incubator team is to develop the training curriculum (e.g. for the Orientation and Business Management courses) and the relevant learning materials. The VBI elaborates **specific materials tailored to the VBI target group**, their socio-economic context and their baseline education or experience level, instead of adopting already existing standardised training resources. This is key in offering a truly relevant learning experience that is likely to have a positive and lasting impact on the trainees. The above approach benefits not only the women attending the training sessions but also the VBI team.

The activity of curriculum development provides an invaluable opportunity for the staff to obtain a deeper insight into the topics presented and to familiarise themselves with new training techniques and approaches. This enhances the VBI 'ownership' of the curriculum, which at the same time enables a more coherent and confident delivery of the training content.⁹ The VBI curricula and learning materials cover the following broad areas:

⁹ Lustrati, A. – 3rd Technical Assistance Mission Report, Market Study, Development of Orientation and Business Management Training, Project "Establishing a Village Business Incubator for women's micro and small enterprises in the Coastal Midlands Area of Syria" - EU, IFAD, AIDOS, FIRDOS. July 2005.

- Orientation
- Business Management (Basic and Advanced levels)
- Business Planning

The materials related to the Business Management training should include a Training Handbook that can be provided to the trainees, and a separate document containing the 'trainer guidelines'. The latter describe in detail the methodology to be applied during every session of the course, and the content to be presented. An important function of the **Trainer Guidelines** is also to ensure the appropriate level of shared knowledge of the training topics among the VBI Team, particularly in the event of trainers' turnover. The explanation of the **Business Plan** can be produced as a **booklet** containing an annotated framework for a plan, with description of every component and practical examples. This can then be used by each trainee as a tool to build up their own business plan.

The BMT curriculum is developed with both potential and existing entrepreneurs in mind. However, it can be differentiated in practice during delivery through group-based exercises and discussion of case studies and individual business ideas.

The **Training Handbook** can be structured in different ways. It can be for instance presented in the form of a small bound booklet handed over to the trainees at the beginning or at the end of each course, or in the form of individual hand-outs distributed at the end of each daily session or of each training module and to be eventually collected into a ring folder. This type of learning tools serves as a reference for trainees once, back at home or at their workplace, they are confronted with the practical implementation of the information they have received during the VBI trainings. For this reason, it is important that said materials do not look as traditional 'school' textbooks or as technical publications, as they may inhibit women's motivation to use them, especially for those who are no longer used to reading on a daily basis. In terms of content, learning materials reflect the same type of information and exercises

presented during the trainings. Single topics can be introduced as individual modules elaborated and presented by the VBI Training Coordinator and revised or complemented with inputs and suggestions from other staff members (e.g. the Business Counsellor is usually in charge of producing the module on business planning, while the Marketing Officer can elaborate the module on marketing and promotion).

Each training module is to be illustrated in a comprehensive though straightforward manner, trying to avoid long sentences and reinforcing key topics with practical examples, exercises and visual aids. The training materials use **simple, linear language**. The use of the local dialect to explain specific terms can also be adopted, in order to ensure a better understanding.

The training materials should have an **attractive colourful layout**. Text should be interspersed with pictures, drawings, comic strips, text-boxes (to highlight specific topics) and with any other graphic device that may assist a thorough comprehension of the concepts. Training materials, either presented in the form of a single booklet or in the form of individual hand-outs, always carry the incubator's logo. Also, the relevant layout shall be consistently applied to all materials in order to be clearly identified as VBI products.

Once produced, the learning materials are firstly tested during a training cycle so as to verify their effectiveness and to carry out the appropriate adjustments and revision. The latter are based on the trainees' feedback and evaluation and the trainers' considerations on the training process and outcomes.

4.3.1 Learning objectives

In order to develop the training materials, the VBI team identifies relevant learning objectives for the Orientation and the Business Management Trainings (both basic and advanced levels), based on their understanding of clients' needs and of the local context. A 'learning objective' is a clear, concise description of what the learner

TABLE 4.5 Examples of overall learning objectives relevant to Orientation and Business Management Trainings

Orientation Workshop	Basic Business Management Training (BMT)	Advanced Business Management Training (AMT)
<p>At the end of the Orientation Session, trainees will have:</p> <ul style="list-style-type: none"> • clarified their intentions and understood better the type of enterprise they intend to establish/develop; • identified the kind of training and support they might need. 	<p>As an outcome of the BMT course, the trainees will be equipped with more:</p> <ul style="list-style-type: none"> • Awareness: they will have become more aware of all the implications of running a business, i.e. that it is a serious commitment, and it needs planning and specific skills in order to become profitable. • Information, skills and tools: the BMT will have clarified for them the necessary steps (through a structured business plan) to develop and implement their own specific business idea (in terms of learning skills, mobilising resources, managing them, marketing the products and services, etc.). • Motivation: they will have become more self-confident and motivated through having acquired skills and information and feeling more empowered to start their own independent income-generating activity. 	<p>After completing the AMT course, women trainees will be able to:</p> <ul style="list-style-type: none"> • Demonstrate a sound understanding of small business management. • Compile and update a business plan suitable to the type and scale of their business. • Define and implement a strategy for business growth. • Identify and pursue suitable marketing channels for their products or services.

will be able to do at the end of the course or after a specific session. When defining learning objectives, it is useful to consider these two steps:

- Determine the overall goal of the learning module
- Determine what learners must demonstrate to indicate goal's achievement

Objectives are written based on the skills, tasks or knowledge that the trainees should be able to demonstrate. Table 4.5 outlines some examples of learning objectives relevant to the VBI trainings.

After having defined general learning objectives, the Staff shall proceed with the elaboration of learning objectives as relevant to every single module or topic of the Orientation and of the Business Management Trainings.

4.3.2 Outline of key topics

Key topics of the **Orientation**, which can be developed and illustrated as part of individual modules over the three-day workshop, include:

- VBI objectives approach and services.
- Characteristics of entrepreneurship.
- Objectives of a successful entrepreneur.
- Key skills and knowledge needed in a business: strategic and planning skills; technical skills; managerial skills; marketing skills.
- Self-assessment of personal achievements and traits (for potential entrepreneurs) and/or business health-check to assess current profitability and viability (for existing entrepreneurs).
- Development and/or upgrading of a business idea (skills and resources needed for a specific type of business; experience of the prospective/existing entrepreneur; motivation to be/remain involved in a specific type of business; available finance or financing options).
- Types of markets and competition (e.g. perfect competition, based on price and quantity; imperfect competition, based on quality and diversification).
- Market assessment (introduction): how to

enter a market; how to differentiate one's business; feasibility study; reasons for business failure; how to identify business opportunities and market needs; ways of assessing market demand.

- Market study (introduction): definition and motivation of a market study; identification of target market and its size; who are the customers; what is the entrepreneur's product or service; who are the competitors; distribution channels; pricing policy.
- Choosing the best idea for a business through a Strengths, Weaknesses, Opportunities and Threats (SWOT) analysis performed with the support of the VBI team.
- Background information on the MSME sector: a general introduction on the characteristics of MSMEs and their developmental role in the local and national economy. This topic usually helps in raising awareness of the businesswomen's role in their community. It also places the VBI intervention within a wider framework of economic and social promotion that has an impact beyond the individual micro-businesses.

Key subjects to be presented during the **Basic Business Management Training** can include the following modules/sessions:

- Introduction to business management (what is a business and why/how to become an entrepreneur) and on the BMT aims and learning objectives.
- Overview of the local economy, the role of small business and types of competition (economic sectors and relevant industries; the potential of the local economy and women's role therein; differentiating perfect from imperfect competition; importance of competitiveness and of unique selling points, USPs).
- Human Resources Management, including contractual, delegation, productivity, monitoring, motivational and accountability issues.
- Basic elements of business: inputs, outputs, cost, price and profit (basics of costing and pricing; fixed and variable, direct and

indirect costs; how to set a price; how to calculate revenue and profit; what is the break-even point).

- Business organisation: human resources, premises, equipment and raw materials.
- Production, delivery, diversification, innovation: importance of technical skills and production capacity; the process of 'product development and design' (PD&D) and its importance for innovation, quality and finish.
- Access to finance: assessing one's need for a loan or other financial product and grasping the basics of the local financial system, including the micro-finance sector; meaning and function of interest rate, repayment schedules; importance of conventional / physical and social collateral.
- Marketing: identifying high-potential market niches relevant to local skills, resources, production capacity and socio-cultural context; basic principles/skills of market research and of promotion, marketing (4 Ps) and distribution.
- Financial planning and book-keeping: basic forecasting and accountancy skills for financial management suitable to a micro-enterprise.
- Business planning: how to assess and consolidate a business idea; importance of business planning and key components of a business plan; practical application: business plan design.
- Licensing and registration: basic legal requirements for the establishment of a small business, in terms for example of registration, licensing, permits, certification and taxation.¹⁰
- Business cycle and business models.
- Assessment skills: learning from mistakes, production control, process management.
- Internal auditing.
- Quality control.
- Backward and forward linkages of the enterprise in the local economy.
- Entering or generating new markets.
- PD&D, SD&D and rationalisation of production process / service delivery.
- Branding, packaging, labelling.
- Environmentally-friendly production and waste management.
- Use and relevance of appropriate technology.
- Costing and pricing techniques and applications.
- Promotion techniques and utilisation of case studies.
- Relationship with suppliers, e.g. procurement-related sub-topics: planning supplies; bargaining skills; joint procurement.
- Stock-taking.
- Human resource management: 'people's' skills; communication and coordination; management of productivity; incentives, working culture.
- Customer relations and after-sale services.
- Occupational health and safety (especially in manufacturing, crafts and some service businesses – e.g. restaurants and hairdressers).
- Food hygiene (for food-processing enterprises and catering businesses).
- 'Working from home' modalities; time-management and goal-setting.
- Legal implications of registering and running a business.¹¹

Key topics for the **Advanced Managerial Training** may include:

- Strategic planning.

¹⁰ Depending on the level of informality of the local economy, this component of the business management training might need more or less attention - also taking into account the likelihood of enterprise formalisation in the specific context.

¹¹ Lustrati, A. – 4th Technical Assistance Mission Report: Development of Advanced Management Training, Capacity Building on Business Planning and Business Counselling, Project "Establishing a Village Business Incubator for women's micro and small enterprises in the Coastal Midlands Area of Syria" - EU, IFAD, AIDOS, FIRDOS. May-June 2006.

4.3.3 Training approach

Training approaches differ according to the types of training and audience. However, the common thrust of all VBI courses is to make the overall training experience as dynamic, effective and memorable as possible, so as to serve as a motivational spring-board.

Training techniques used to introduce the **Orientation Session** draw from **adult learning methodologies (see Box 20)**. These enable trainees to identify their actual baseline capacity and to valorise their already existing skills and build upon them. Other techniques may include story-telling, interactive theatre, video projections, picture displays, group exercises, role-plays, accounts of individual experiences, discussion groups and 'buzz groups'. All of the above contribute to **making learning more deductive and intuitive than inductive and prescriptive**.

The **Business Management Training** adopts a **more technical approach** than the Orientation session in terms of content. However, its style of delivery should be inclusive, participatory, dynamic, as well as tailor-made (referring to individual cases and to the specifics of the area). The teaching approach can be problem-based, in order to be appropriate to adult learning. Participants are divided in groups or pairs according to the following criteria:

- Existing vs. potential entrepreneurs
- Production vs. services
- Business lines
- Educational level
- Community
- Age
- Experience level (either similar or mixed)
- (other relevant criteria can be agreed by the incubator team depending on the context)

It is important that the trainees are made aware of the rationale and criteria for group organisation.

Box 20

Examples of adult learning techniques.

Valorising already existing skills through the 'Passport to Learning' (P2L) methodology. P2L is a record of achievements through which adult learners can recognise the skills and know-how that they have already accumulated during their life, both at the workplace and in the household. This enables trainees to utilise them in new areas of training, capacity building or work.

Defining, sharing and comparing future expectations/ambitions against current potentials through the 'mirror exercise'.

This exercise requires the trainee to draw or write on a paper sheet divided in four sections: (1) how she sees herself now; (2) what makes her happy, or what she likes in particular; (3) what she is most proud of; (4) how/what she would like to be in a year's time (especially in terms of personal achievements and skills). Trainees have the possibility to discuss and compare their 'mirrors' in a friendly and open environment.

With the **'lifeline exercise'** trainees represent their life through a line where they mark important events with dots or crosses; alternatively, they might want to draw the

line up or down depending whether an event or period has been positive or negative. **Acknowledging one's use of time and the available time for business through the '24-hour chart'.** Trainees fill in their chart with their commitments and activities on an hourly basis (work, study, eating, sleeping, household commitments, leisure, travelling...), and then add the hours up in the 'adding the hours' chart, where they will get a comparative picture of how much time they spend working, how much for themselves, how much caring for others or the house, etc. The awareness of their time management will make them reflect on whether they will be able to sufficiently focus and invest their time and energy on an enterprise. ■

Instead of interactive theatre and role-plays, the BMT utilises real (adapted) and fictional case studies in order to illustrate the most complex theoretical and practical points of the BMT. Numerous individual exercises and group-work sessions are included, with the active facilitation of the VBI team, in order to practice skills, reinforce key concepts and at the same time verify learning outcomes. Slides, white-board and flipcharts can be used for technical topics, demonstrations and definitions. Initial presentations and discussions contribute towards the trainers' rapid evaluation of the trainees' baseline level (so that relevant programme adjustments can be carried out swiftly). Five-minute Q&A sessions are included at the end of each topic, to check on learning outcomes and allow for participants' regular feedback. More general end-of-day discussions provide intermediate feedback on the participants' appreciation of the training. Whenever possible, technical modules are interspersed with the projection of videos on entrepreneurship and photos of business, markets and products, in order to stimulate creativity and break the tension of the most difficult sessions.

The **Advanced Managerial Training** adopts a **more technical and rigorous** approach than the BMT in terms of content. The approach is characterised by a strong focus on business strategy, where the VBI trainers guide the entrepreneurs in the analysis of their growth or specialisation options as well as in the definition of the trade-off between scale and quality. The exact pitch in terms of level of difficulty and range of themes covered is defined and developed based on:

- the baseline information on the potential target groups for the advanced curriculum;
- further investigation into their training needs and expectations;
- the presence among the trainees of experienced entrepreneurs or of women with a relatively high educational level.

Real (adapted) and fictional case studies can be utilised to illustrate the most complex theoretical and practical points of the Advanced Training.

As for the BMT, also the AMT can include individual exercises and group-work sessions facilitated by the VBI team, in order to practice skills, reinforce key concepts and at the same time verify learning outcomes. (see Box 21)

Whenever possible, technical sessions are interspersed with the projection of videos on entrepreneurship and photos of business, markets and products, in order to stimulate creativity. Live observation and critique of real products (including for example tasting sessions when food-processing is concerned) can also become part of the training programme. Short study tours at the local level (e.g. an informal assessment of the town's market as an introduction to the marketing module) are also useful activities.

Box 21

The use of business simulations during the Advanced Business Management Training.

An original element of the Advanced Training is the inclusion of **'business simulations'**, which are typical learning tools of intermediate to advanced small business studies. These can include role-playing and other interactive techniques. The relevance and flexibility of business simulations as training tools are noticeable. It is recognised that they provide a powerful learning experience in a risk-free environment, combined with a high degree of engagement and enjoyment. A strong feature of the power of business simulations is their universal relevance. They can be relevant not only to a broad range of objectives but also to different people, nationalities, cultures, organisations, functions and ages. Difficulty levels should be set as appropriate to the participating players. ■

4.3.4 Resources

The VBI Trainings utilise human, physical and virtual resources.

As for the human resources, the VBI relies on its own team for the promotion, organisation and the delivery of training cycles. Under the coordination of the Training Officer, individual VBI staff members take charge of presenting different subjects based on their expertise. Additionally, other profiles may be invited *ad hoc* to contribute to the delivery of the training, e.g. testimonials, mentors, successful businesswomen, professionals operating in the private sector and interactive theatre actors, as relevant. (see Box 22)

Physical resources needed for the training include first and foremost the reference literature on the subject of business management and entrepreneurship promotion, to be used by the VBI team to develop the training materials. These may include publications by international organisations on business promotion from a development perspective, e.g. the International Labour Organisation (ILO)'s 'Start Your Business' and 'Improve your Business' guides and the 'Women's Entrepreneurship Development Capacity Building Guide' produced with the Irish Development Cooperation, to mention a few. Other organisations involved in the production of relevant tools to promote female entrepreneurship include: the European Union (EU), the United Nations Development Programme (UNDP), the International Trade Centre (ITC), UN Economic Commission for Africa (UN-ECA) and the Organisation for Economic Cooperation and Development (OECD); financial institutions such as the World Bank (WB), the African Development Bank (AfDB) and the International Finance Corporation (IFC); and various bilateral donors. Other reference materials may include internationally available business development guides such as 'The Small Business Guide'¹². A comprehensive

and regularly updated overview of technical and learning materials on women enterprise development can be found on the website of the Donor Committee for Enterprise Development (DCED).¹³

Other physical requirements include the training equipment (projector, flipcharts, markers, papers, illustrated boards) as well as a suitable training venue that may range from a standard training room, to a dedicated outdoor space (relevant equipment varies depending on the venue).

Finally, communication technology, wherever feasible, allows connection to a variety of relevant on-line resources that can be displayed during the course of the training cycles and which may include short video documentaries, images, interviews, websites and social networks. The use of these tools is aimed to expose women to other similar business development experiences or to facilitate the understanding of technical aspects (for example of product development and design) where it is important to visualise the products and their production processes. The advantage of relying on this type of virtual resources is that they can be regularly accessed by the clients - with the support of the VBI if needed. They also tend to inspire clients to further explore the markets and to experiment with new designs and techniques. (see Box 23)

¹² Williams, S. - "The Small Business Guide", Lloyds TSB, London, 2012 (updated annually).

¹³ <http://www.enterprise-development.org/page/wed>

Box 22**Tanzania Virtual Business Incubator, 2009: synergies leading to knowledge sharing.**

One of the main features of the TVBI is its inclusive approach in project design and implementation: this ensured the contribution of vital advice and expertise from all relevant stakeholders. Relevant areas of collaboration included business promotion, gender, technical and vocational skills, economic development and marketing. The discussion panels and interactions held amongst the stakeholders at different stages of the TVBI Project enhanced the team's knowledge base. This was relevant to the Tanzanian context, in line with international best practices and responsive to the specific business needs of existing and potential women entrepreneurs. This type of synergy continued during implementation, for example in relation to training materials, reports and other relevant documentation and tools produced during establishment and development of the TVBI. ■

Box 23**Business Service Centre, Nepal 2010: creating synergies to enhance results.**

The BSC liaised with a variety of individuals and entities to provide comprehensive support to a group of seven women growing vegetables on their own small plots of land located next to each other. Thanks to the BSC facilitation, a specialised international organisation in agro-farming provided a feasibility study on the irrigation system *pro bono*. A local business angel financed the construction of a well and provided for free the by-product of her bone button production as natural compost. A local organisation trained the women in organic farming, and another one provided assistance for organic certification. The women organised the joint marketing of their produce at key market places and operated under the same trading name. ■





Chapter 5

How to establish a VBI

This chapter provides guidance on *how to establish a VBI* through the description of different phases and aspects of design and implementation: stakeholder consultations; market study and stock-taking; client targeting and baseline survey; development of partnership with the local implementing agency; budgeting, staffing and logistics; induction and capacity building of VBI staff; development of training materials and support tools; design and set-up of a Management Information System (MIS); promotion, communication and stakeholder engagement.

5.1 Consultations with the local stakeholders

Prior to the design phase of a project or programme with potential social and economic impact at the local level, appropriate consultations with the relevant stakeholders provide an opportunity to strengthen the understanding of the intervention, to build consensus and ownership among those likely to be affected, to learn how the different parties view the intervention and to better gauge its challenges and possible mitigation measures. Listening to stakeholders' concerns and feedback is a valuable source of information that can improve project design and outcomes. It helps an institution to identify and control external and internal risks. Consultations can also form the basis for subsequent collaboration and partnerships. For the stakeholders, a consultation process is an opportunity to share information about the local context in which a project will take place, to raise issues and concerns, ask questions, and potentially help shape the project by making suggestions for the relevant institution(s) to consider and respond to.

Relevant stakeholders - for a women's business incubation project like the VBI model - may include organisations providing training and/or managing business support structures, local and international development organisations, civil society and community-based organisations, women's associations, research institutes,

universities and private sector organisations, chambers of commerce, business schools, entrepreneurship development programmes, sponsors and government agencies involved in supporting small business development, small-scale and micro-scale entrepreneurs, women's cooperatives and potential beneficiaries, business networks and intermediary organisations, trade associations, trade fair organisers, vocational centres, credit schemes, MFIs, banks and other financial institutions, policy makers, diplomatic missions and donor agencies (e.g. bilateral donors, EU, UN) and representatives of the local community (both men and women).

Depending on the nature and scale of a project, the presence of a new organisation in a community has the potential to affect many different aspects of people's lives. Keeping in mind the different roles of men and women, consulting primarily with men provides only partial information, while engaging women in the consultation process usually requires a good awareness of local gender dynamics and concerted effort. Consultation approaches can contribute to women's empowerment by ensuring that women's views, as distinct from men's, are taken into due account and by building the capacity of women's groups and other organisations active in the promotion of gender equity. Good practice encourages seeking out the views of women, as this provides the implementing organisation with a more complete picture of potential risks and impacts, e.g. unintended effects such as increased domestic violence or exacerbation of existing inequalities between men and women. Taking women's views into consideration can help to better understand, predict, and mitigate negative externalities, thereby enhancing a project's social performance.

Women, however, are not a homogenous group: not all of them will necessarily have the same interests or priorities. When involving women in consultations, it is thus important to ensure the representation of different perspectives across socio-economic, class, caste, ethnic and religious lines. Marital status and age can

also be significant factors. It may be useful to also consult NGOs and community-based organisations that represent women from minority groups.¹

The key issues for consultation broadly correspond to the typical components of a project establishing a structure to incubate and develop women-led enterprises. In the case of the VBI, topics may include (but are not limited to): current status of MSEs and female entrepreneurship at the local level, institutional and regulatory frameworks, success and failures of policies on female entrepreneurship, main problems and constraints faced by women entrepreneurs, women entrepreneurs' rights and needs, the proposed VBI response to such needs, already existing field-based entrepreneurship development interventions and their approach (to avoid duplication and promote synergy). Consultations can be conducted through one-to-one or community meetings, focus groups, workshops and surveys.

A key finding from the consultations undertaken by AIDOS (in view of designing women's enterprise development interventions) was that the majority of incubator programmes did not specifically target women and were mostly technology-focused. They had merits, but also deficiencies: key gaps were found in terms of gender focus and provision of individual coaching and mentoring (especially in relation to marketing). (see Box 24)

Box 24

Stakeholder consultation on the VBI in Tanzania.

In Tanzania, the implementing NGO Tanzania Gatsby Trust (TGT), together with the World Bank, identified a number of stakeholders including government, public and private sector organisations interested in fostering SME development in the country. The support of these stakeholders was critical to initiating the programme. The identified stakeholders showed strong interest, commitment and willingness to participate in the new initiative. The consultations were also useful to identify potential members of the project's Steering Committee and to explore potential synergies and collaborations. During the project's inception phase, TGT worked with the World Bank and AIDOS on planning the project. AIDOS introduced their incubator concept and its adaptation potential. A key priority was consensus building among the local partners (TGT, IMED, SIDO WED and Kwanza Collection Ltd.) with regard to programme design and implementation. During this phase, field visits of local markets and women-led enterprises were organised for the purpose of assessing the appropriate location and service package of the TVBI. ■

5.2 Market study and stocktaking exercise

5.2.1 Market study

Many micro and small enterprises fail because of the lack of market intelligence and of a marketing strategy in relation to their specific products or services. The VBI therefore selects its focus sectors based on a market study aimed at identifying and selecting the most promising or appropriate business activities for the women

¹ Adapted from "Guidelines on Stakeholder Engagement" in REDD+ Readiness, April 20, 2012.

entrepreneurs supported by the incubator. The market study is the first step of a longer cycle defined as 'market analysis': the latter should accompany the whole business cycle for the enterprise to increase its chances of success. It is a key reference tool serving as guideline throughout the VBI marketing and business counselling activities.

Small business owners use market studies to determine the feasibility of a new business, test interest in new products or services, improve aspects of their business (such as customer service or distribution channels), and develop competitive strategies. In other words, market research allows businesses to make decisions that make them more responsive to customers' needs and contribute to increasing profits.

The market study is crucial both for business start-ups and for established businesses, as it provides accurate information about customers and competitors that allows the development of a successful marketing plan. The study aims to assess the situation, opportunities and challenges of micro- and small-scale enterprises in their potential target sub-sectors.

The *objectives of the market study* include the following:

- i. Map out the current situation in terms of available raw materials, local skills, processing and communication infrastructure, marketing channels and appropriate technologies within the project's target area (or incubator's catchment area).
- ii. Assess the local, regional and national demand for those goods and services that could be efficiently produced at a micro- to small-scale of operation by the VBI clients.²
- iii. Among the viable sectors and sub-sectors

of production, identify those with higher demand potential and with an emphasis on: added value (e.g. food production, processing and trading, including horticulture and organic farming; handicrafts; recycling; textiles); services (catering, hairdressing, tailoring, etc.); product or process innovation (especially in the crafts sector).

- iv. Identify potential marketing outlets, including relevant trade flows, procedures and regulations, mainly in the incubator's catchment area, but also in the rest of the country or for export in other countries in the region or overseas (e.g. Europe) - if relevant to the selected product lines.

The market study is ideally organised in two phases, i.e.:

1. Geographical phase --- the preliminary mapping of the 'supply side' and 'demand side', followed by a review and feedback with the project stakeholders for the selection of high-potential sectors.
2. Sectoral phase --- the in-depth analysis of the selected sectors and the final recommendations on viable market strategies for the supported SMEs.

The market study involves both primary and secondary research and should be peer-reviewed and validated through a technical workshop involving representatives from enterprise support institutions (including NGOs and CBOs engaged in women-led entrepreneurship development), academia, financial institutions, VBI clients, successful women entrepreneurs from the target area or region.

The study can be conducted by local experts, with technical back-stopping by project coordinators, the VBI team and - when needed - international consultants.

The end result of the study is a report that explains the rationale for supporting enterprises in specific sectors or sub-sectors. It identifies training and other support needs, lists existing studies and other sources of information on the selected sectors, and clearly defines the

² The VBI-supported women entrepreneurs can organise their business as sole producers or as micro- to small-scale enterprises. Additionally, they can produce and market on an individual firm basis or by networking with other firms (in particular for joint purchasing or distribution).

selection criteria for women entrepreneurs and their enterprises.

The incubator will choose the most appropriate combination of focus sectors. It would typically select two value-added sub-sectors (e.g. food-processing and handicrafts production, where female presence is prevalent and growth potential is evident) in addition - where relevant - to services and/or small-scale trade.³

5.2.2 Stocktaking exercise

Before developing the VBI's own training materials, the incubator should take stock of other BDS programmes in the country. This exercise can be conducted in parallel with the market study. The objective of stocktaking is to benefit from other experiences and initiatives that support women entrepreneurship in the country, in order to learn from best practices and - where possible - utilise or adapt already existing training materials. The methodology of the stocktaking report is a qualitative assessment consisting of interviews with local and international organisations that offer BDS in the incubator's catchment area or in a comparable context in the country. The report is meant to provide key inputs for the fine-tuning of the VBI service package and in particular for the development of training materials. In this context, the stock-taking exercise will: (i) identify the most common BDS packages offered in-country, particularly in the target area; (ii) assess the quality of existing BDS; (iii) take into account women entrepreneurs' feedback on BDS already available in the market; (iv) help validate the amount of the nominal commitment fee that the VBI clients should pay for the training.⁴

³ Adapted from: Lustrati, A., 1st Technical Assistance Mission Report, Project "Establishing a Village Business Incubator for Women's Micro and Small Enterprises in the Coastal Midlands Area of Syria", 2005

⁴ This is part of the incubator's cost recovery mechanisms that need to be put in place to enhance sustainability (see Chapter 6 of this publication for more details on this topic). The nominal training fee is also a tool to stimulate commitment and help the clients to attach value to the training.

5.3 Baseline survey and targeting of VBI clients

5.3.1 Baseline survey

At the beginning of each project AIDOS conducts a baseline survey to obtain a snapshot of the standard of living in a community or target population at a given moment. In the case of incubator interventions, the baseline study is carried out to assess the existing situation in the country with regard to the entrepreneurship needs of the target population, existing facilities, accessibility and local demand, with a special focus on the BDS designed for and available to women.

The survey collects baseline data on: household demographics, income, consumption, employment rates, education levels, and savings and credit behaviour; women's enterprises and business practices; individuals' attitudes towards business, self-employment and risk-taking. Local research organisations are contracted to conduct the baseline study, with the technical assistance or back-stopping of international consultants, when needed.

The baseline aims: (a) to detect behavioural patterns in a population, to measure the usage levels for certain services, and to collect demographic information; (b) to determine current indicator levels before intervention, to reconfirm the programme objectives and to provide a benchmark against which to evaluate their progress/accomplishment at a later stage; (c) to establish the project targets or to provide base values for the chosen indicators; (d) to draw conclusions that can be applied generally to the whole population of an intervention area.

The components of a baseline study usually include:

- Rationale and objectives, including a clear presentation of the issues surrounding the research and its aims, as well as specific questions that the survey is meant to answer.

- Description of the research location and geographical context, including the criteria used for selecting the location as well as gathering general information on the target population (characteristics of the community, access to basic public services, economic situation, etc.).
- Survey methodology (with approved questionnaire and other research tools).
- Results providing detailed responses to the research questions set out in the introduction.
- Conclusions and recommendations.

The baseline survey, together with the market study, contributes to the correct and coherent targeting of the beneficiaries in the project area. Appropriate targeting is a key challenge for an incubator, together with effective and timely mobilisation of prospective clients.

5.3.2 Targeting of VBI clients

The VBI targets - as a priority - women of economically active age, either existing or potential entrepreneurs, preferably involved in value-added activities and living in disadvantaged conditions. This type of target group is at times difficult to identify and mobilise.

In the identification and mobilisation of women beneficiaries, the VBI uses the specific criteria outlined below as targeting guidelines. The latter are informed by the VBI development policy, however qualified exceptions are considered based on the actual potential for development outcomes and marketability of the proposed businesses.

The basic *requirements* to access VBI services are the following:

- Women *from the target area*, preferably *heads of households (de jure*, e.g. widows, or *de facto*, e.g. having the main bread-winning and household management responsibility), with priority granted to those with the *highest number of dependants*.
- Women of '*economically active age*',

preferably in the *20 – 50 age bracket*, and in any case above 18 years old.

- Women living under the *poverty* line, or in underprivileged circumstances. It should be noted that *deprivation*, defined in a broad sense, is not only measured by low income (*per capita* or per household) but also by various forms of social exclusion, discrimination, gender bias, lack of exposure and opportunities, limited access to education and skills, etc.
- Women who, despite belonging to the least affluent sections of society, are at least *functionally literate* (minimum to primary education level) and have sufficient *numeracy skills*. These baseline capacities will increase their chances to fully benefit from the training courses and to correctly apply the concepts and skills acquired through the assistance from the VBI.⁵
- Women who are willing to start an enterprise and show the suitable *entrepreneurial spirit* and relevant *motivation for risk-taking and individual initiative*.
- Women whose *business ideas* are particularly *viable for the local, regional or national markets*.

In addition to the target groups identified through the above criteria, the VBI also offers its support to women beneficiaries displaying the following characteristics:

- Women who already possess the relevant *technical skills* (although these may need to be upgraded through specialised technical training and/or integrated

⁵ Based on extensive BDS experience in the informal sector, it has been ascertained that the preparation of training curricula and learning materials for *illiterate beneficiaries* require very specific skills and considerable resources. Furthermore, a non-exploitative integration of illiterate producers into local markets also demands very high transaction costs that can only be counterbalanced by the expectation of tangible development outcomes within the framework of highly dynamic and evolved local markets.

by PD&D services). Special emphasis is placed on clients mastering those *traditional methods* (e.g. in processing of local foods) deserving support on two grounds: the conservation and valorisation of local culture (this can engender useful linkages with the tourism and gastronomic industries), and the marketing potential deriving from the high quality, genuine methods and uniqueness of the local produce (relevant for eco-tourism and organic production).

- Already existing local micro-entrepreneurs who have been involved in subsistence IGAs (income-generating activities) but are now willing to acquire the skills to turn their ventures into *growth-oriented and innovative* businesses.
- Local micro-entrepreneurs who are likely to become '*success stories*', inspiring the rest of the community as role models and stimulating the local economy through a 'demonstration effect'.

In summary, the VBI delivers its services to *both potential and existing women-led enterprises*.

With regard to 'potential entrepreneurs', the VBI can enhance women empowerment through entrepreneurship development and act as a stimulus of the local society and 'culture': this aspect relates to women so far excluded from the local economy, but with a minimum level of literacy, numerical and/or technical skills and the appropriate motivation to start a small business.

With regard to 'existing entrepreneurs', the VBI can invest at least one part of its resources more cost-effectively (in strictly economic terms), by 'picking the winners', i.e. by identifying high-potential MSMEs, strengthening them, and unlocking their performance from a 'low return / low investment / low return' vicious circle. This process involves those local women who have already started a business, or simply an informal IGA, do possess some technical skills, but might need assistance in product development, strategic marketing, intermediate to advanced business skills and perhaps access to finance for working capital or investment.

The *selection phase* is characterised by great attention paid to the motivation, personal responsibility and commitment of the prospective clients. The selection process includes the following steps:

- Examination of the formal requisites and information on the household background;
- Analysis of work experience and of the business idea or general entrepreneurial aspirations;
- Results of the entrepreneurial guidance activities aimed at the beneficiaries' self-selection and at strengthening their identity and the awareness of their role.⁶

5.4 Developing a partnership with the local implementing agency

AIDOS' approach to development cooperation is grounded on the belief that sustainability and effectiveness can be achieved only through a substantial and responsible involvement of local organisations throughout all phases of the project cycle. Therefore, AIDOS does not implement field projects directly, but shares the responsibility of project implementation with the local partner organisation in order to guarantee the project's social and cultural sustainability and its continuation once AIDOS' support comes to an end. AIDOS provides short-term advisory assistance throughout the project duration by sourcing and coordinating on-site technical advice and assistance by international experts during the most critical phases of the project (e.g. design, team induction and capacity building, development of training materials and other tools, regular reviews of performance, defining sustainability strategies and - where relevant - organisational business plans). AIDOS also provides long-term field-based support through international coordinators whose role is to liaise closely with the implementing organisation, to

⁶ Adapted from: Lustrati, A., 1st Technical Assistance Mission Report, Project "Establishing a Village Business Incubator for Women's Micro and Small Enterprises in the Coastal Midlands Area of Syria", 2005

Box 25

Selection processes in Syria and Tanzania.

In Syria, the outcome of the VBI selection process was noticeable: the women significantly changed their attitude, and a feeling of importance and personal challenge quickly spread among them. After the initial curiosity, the potential beneficiaries showed a growing involvement and participation. The entrepreneurial guidance activities included brainstorming of business ideas, simulation games on entrepreneurial behaviour, individual and group activities, analysis of case studies (sometimes told by the women themselves) on business success and failure. This process enabled the participants to make responsible choices regarding their future in the local economy. The support provided by the VBI encouraged the women to make well-informed choices. This increased their sense of responsibility and participation, and inspired a new sense of belonging as well as critical engagement.

In Tanzania, where the TVBI targeted a large number (500) of existing entrepreneurs, the client recruitment took a different shape. A flyer was developed including basic information on the TVBI objectives and service package, criteria for participation in the TVBI activities and a coupon that could be filled by women micro-entrepreneurs who were interested and saw themselves as meeting the eligibility criteria.

Flyers were distributed in the project target areas by the TVBI team and through informal networks composed of women's groups and associations, micro-finance institutions, savings and credit cooperative societies and other organisations supporting MSMEs. These institutions created awareness and invited women entrepreneurs to apply for TVBI assistance. The completed flyers were

then collected by the incubator team from the institutions' offices.

The flyer included a coupon that could be filled out by the women. The *coupon* represented the woman's first expression of interest in the TVBI, and included basic demographic questions (name, age, address) as well as questions regarding the type of business the woman owned and her total number of dependents. This information allowed for a quick first screening of participants that met the minimum requirements.

The *viability screening* was carried out through a more detailed *form*, in order to determine the eligibility of the women entrepreneurs and their enterprises based on the set criteria and the results of the market study. The screening exercise confirmed the information collected in the coupons (e.g. woman's name, age, type of business, etc.), in addition to collecting more details in order to gauge women's commitment to the incubator initiative, the potential for growth of their business, their capacity building needs, and the length of time that they had been in business.

The short-listed micro-entrepreneurs were invited to attend a *one-day viability screening* meeting. The workshop was facilitated by the TVBI team and held in locations near the shortlisted enterprises. Women were given a description of the TVBI programme, its objectives and intended benefit to the users, the services offered and the relevant fees. The method of conveying the message was participatory and included sketches, drama, games, songs, slide presentations, discussions and brief lectures. During the viability screening meetings, formal application forms were distributed to interested women.

The information included in the formal application forms was then entered into a data-base that was part of the TVBI Management Information System. The team analysed the content of the applications and compiled a list of women who met all the incubator requirements. ■

facilitate the timely and effective set-up of the VBIs and to provide relevant capacity building at institutional and managerial levels. Strong qualifications and abilities are needed to ensure the effectiveness of the business incubators and their positive impact on the target communities,

with a view to enhancing continuity and sustainability of enterprise development services.

AIDOS' project managers/coordinators and consultant experts work at the partners' premises and operate closely with the local

teams. The local NGOs are full implementation partners and contribute to the project in terms of human resources, assets (when available), knowledge, institutional networks and previous experience in the field.

AIDOS' projects are designed and implemented as model initiatives that can be replicated in other areas of the same country and, with the due adaptations, in other countries and/or on a larger scale. The local NGO staff trained in the methodology of one intervention can train staff of similar projects in the same or neighbouring country (for instance in the case of the WBDI in Jordan and the VBI in Syria, the two incubators shared know-how through exchanges and study tours).

Through the implementation of demonstrative projects, AIDOS promotes the creation of new local organisations or the strengthening of existing ones to respond to local development needs and challenges in an effective and sustainable manner. Such organisations, as for example the business incubators described in this publication, actively participate in the institutional dialogue in their country and - to the extent possible - they influence policies and strategies on a larger scale.

The identification of a suitable local partner is therefore crucial. A preliminary assessment of the implementing partner (IP) takes place during the early phase of project design. The design phase usually relies on the participation of the key stakeholders in the sector of intervention, which might already highlight the most suitable candidates for cooperation on a business incubation project. In addition to the technical capacity of the IP in carrying out entrepreneurship projects (which should be evidenced by the IP's project track record in this field), it is crucial to test the IP's level of interest in the initiative and its capacity to implement a project with a gender dimension. This can be done through a gender assessment, which also allows to address any weakness through *ad hoc* capacity building activities.

A *gender assessment* enhances the collective capacity of an organisation to examine its activities from a gender perspective and to identify strengths and weaknesses in promoting gender equality issues.

A gender assessment helps to identify and appraise the following elements:

- whether and how gender is mainstreamed in the IP's policies and programmes;
- the IP's interest and capacity to develop and implement a strategy of participation and empowerment of women;
- the technical capacity of the IP to address gender issues in project planning and implementation (existing gender expertise, competence and capacity building in terms of gender mainstreaming in the organisation policies, programmes and projects);
- the appropriate organisational culture and practice that facilitate gender equality (institutional decision-making and responsibility);
- the constraints and the opportunities for the organisation to promote equal rights and opportunities for women;
- the level of resources allocated and spent on gender mainstreaming and gender activities;
- the extent to which human resources policies are gender-sensitive and the percentage of staff technically knowledgeable on gender issues;
- the gender balance in staffing at different levels of the organisation ⁷;
- whether there is room for improvement, and possible strategies to better mainstream gender.

⁷ This is also an indicator of policy coherence between the IP's internal organisation and its external management of projects for the promotion of women's role in economic development.

The assessment can be conducted through questionnaires⁸, focus groups or workshops. Participatory sessions can be organised to introduce the concepts of gender, organisational development and capacity building of IPs, and to enable a first-hand assessment of the attitude, interest and commitment of the participants and their respective organisation towards the developmental role of the IP in general and specifically on gender. The main outcome of the assessment is a report that includes recommendations for performance improvement and concrete actions for follow-up by the assessed organisation. On this basis, targeted capacity building and technical assistance on gender integration can be organised in order to address the weaknesses and gaps identified through the assessment.

Integrating gender into an organisation's activities and structures has both an external and internal dimension. Externally, *gender integration* fosters the participation of and benefits to women and men in an organisation's initiatives or services. Internally, gender integration promotes women's leadership and equality in an organisation's own policies and structures.

Gender integration is articulated around four key elements:

- *Policy direction* becomes evident when top-level leadership publicly supports gender integration, commits staff time and financial resources and institutes needed policies and procedures.
- These conditions lead to an enabling *organisational culture*, which involves progress towards a gender-balanced staff and governance structure, as well as equal valuing of women and men in the workplace.

- As the organisational culture evolves, *technical capacity* needs to evolve, including staff skills in gender analysis, adoption of systems for gender-disaggregated data and development of gender-sensitive tools and procedures.
- Because gender integration ultimately involves *organisational change*, systems of accountability are also essential. Both incentives and requirements are necessary to encourage and reinforce new behaviour, within individuals and within an organisation as a whole.⁹

5.5 Allocating resources: budgeting, staffing and logistics

5.5.1 Budgeting for a business incubator

The budget for the establishment of a VBI typically includes the following categories of costs:

I. Human resources.

National staff:¹⁰

Technical staff: NGO Project Coordinator (part-time), VBI Manager/Director (full-time), Marketing Officer (full-time), Credit Officer (full-time), Training Officer (full-time), Local Promoters (full-time), Technical Trainers (consultants).

Administrative/support staff: Secretary (full-time), Accountant (part-time), Cleaner (part-time), Driver (full-time), Gender Expert

⁸ InterAction's questionnaire has over 90 questions and focuses on how gender equality issues have been addressed in 5 programming dimensions and 6 organisational dimensions.

<http://www.interaction.org/document/gender-audit-handbook-2010>

Oxfam Australia's field gender audit tool has 24 questions focused on how gender equality and women's empowerment are addressed in programmes.

⁹ The Gender Audit Questionnaire Handbook, Commission on the Advancement of Women, InterAction, 2003.

¹⁰ For the permanent staff, salaries are defined by the implementing NGO and calculated on the basis of its salary scale and human resource policies, such as the organisation's retention strategy. The latter may contribute to ensure future sustainability and a harmonic integration of the project staff into the IP structure, if relevant. Salaries should include health insurance, social security, income taxes, bonus, thirteen month/end-of-year allowance, indemnities and other arrangements foreseen by the national labour law and regulations.

and Reproductive Health Facilitator (consultant), Interpreter (consultant).

Expatriate/international staff:

International Project Coordinator based at the incubator location on a full-time basis. Experts in MSME Development and Business Incubation, Marketing and Communication, PD&D, Technical Training, Fair Trade, Sustainability, Evaluation (consultants).

II. *Per diems* for missions/travel to target country.

Mission (*per diems*¹¹ and travel) costs:

- For above-mentioned international experts (consultants).
- Study tour for VBI team (national staff).
- VBI team members' participation in international conferences.
- VBI team members' participation in conferences, seminars and workshops for knowledge sharing at the national level.
- For national staff, if the incubator location entails overnight travel from the VBI to the entrepreneurs' location and to the IP headquarters.

III. Travel.

International travel: for the International Project Coordinator, Monitoring missions, above-mentioned International Experts (consultants).

Study Tour. VBI team members' participation in conferences, seminars and workshops for knowledge sharing. Insurance.

Local transportation. Transportation of trainers and trainees.

IV. Equipment, materials and supplies.

Vehicle, furniture, computer equipment (for details see 'Logistics' section), spare parts and supplies for machinery and tools.

Training supplies (stationery, materials, refreshments), documentation materials.

Premises renovation.

V. Local office and project costs.

Vehicle costs (fuel, insurance, maintenance

and repair), office rent, consumables and office supplies, office running costs (utilities: telephone, Internet, electricity, gas, water, premises maintenance and repair, postal services, cleaning materials, banking costs).

VI. Publications.

Design, production, editing, graphic layout and printing of training and information materials (brochures, posters, leaflets, banners, gadgets, advertisement signs). Video production and duplication.

VII. Studies and research.

Market study, sectoral studies, baseline survey.

VIII. Visibility activities.

Visibility events for project's opening and closing, media coverage and press releases, participation in fairs and exhibitions (renting premises, promotion materials), website design and management, meetings with government, donors, banks and other relevant institutions for policy dialogue and advocacy.

IX. Services.

Study-tour organisation. Management Information System (MIS): design, installation, staff training, maintenance.

5.5.2 Staffing a business incubator

The number and the profile of an incubator's team members and outsourced specialists¹² are defined on the basis of the target group's size, the scope of the action and the available financial resources.

¹² While the VBI team members themselves should be for the most part specialists in small business development (or in any case the project should strengthen their capacity in this field by developing their potential), in specific instances the incubator might have to also outsource the skills of particular specialists to respond to a variety of needs of the targeted enterprises (e.g. PD&D and technical training consultants, whose know-how may vary depending on the different enterprise sectors and niche markets).

¹¹ *Per diems* are calculated on the basis of the rate established by the donor for the country where the project is implemented.

The 'core' human resources of a VBI are the incubator personnel.¹³ The team typically includes: Manager/Director, Training Coordinator/Officer, Marketing Officer, Business Counsellor, Local Promoters/Coaches, and administrative staff. Their roles are key to the functioning of the VBI and have to become sustainable in order to provide continuity of service in the target area.

Some business development specialists are usually internal to the structure, while others can be outsourced. Internalising some specific roles is necessary for the effectiveness, continuity and stability of the enterprise development process. Some roles are covered whenever possible by women (especially for the case of the Business Counsellor) in order to ensure gender sensitivity and the appropriate gender approach.

When selecting human resources for an incubator that supports women entrepreneurship, it is important to take into account the following elements:

- *Gender sensitive attitude and business experience.* Incubator clients frequently state that BDS providers are unaware of and do not cater for the needs of women-led small businesses. For example, services might be planned and delivered without consideration of women's household/farm/enterprise tasks. Another observation is that service providers might have no practical business experience to rely on, which makes services at times irrelevant. Women often express the need to be advised and mentored wherever possible by other women, and generally, by people who are able to empathise with their situation and with the typical

challenges of their specific business sector.

- *Appropriate male-female balance in the composition of the VBI team* (both team members and outsourced specialists) based on social and cultural factors at community level (e.g. VBI staff visiting women's premises should respect the community and family norms).
- *The level of expertise of the team members* should be defined on the basis of the *specific capacity building needs of the target group*, with attention to an *appropriate trade-off between enterprise knowledge and gender balance.*¹⁴

Box 26

Some success factors for women enterprise centres.

Key to success for women enterprise centres:

- Professionalism of the staff
- Support of a strong Board of Directors and extensive base of volunteers
- Strong linkages with other programmes and services (i.e. referral network)
- Awareness of services among target group (i.e. visibility)
- Ability to deliver services locally or regionally.¹⁵ ■

Recruiting human resources for BDS delivery to women-led enterprises need to incorporate the gender perspective as follows:

¹³ The personnel responsible for the overall project management and coordination, and the external consultants providing specific inputs of technical assistance, are involved in the establishment and activation of the VBI, initially as a project and, in future, as an organisation. Their tasks are therefore project-bound and they are supposed to be completed and become redundant once the VBI is operational and can stand on its own feet.

¹⁴ The human resources selected for the BDS delivery should focus on developing women's entrepreneurial knowledge and on unlocking women's potential to maximise their performance. If local staff needs capacity building, relatively high start-up costs might arise by the necessary investment in skills development.

¹⁵ Adapted from: Stevenson, L. - "Improving women's access to non-financial business services", OECD - MENA Women Business Forum, Paris, September 2011.

- Terms of references should clearly mention gender-sensitivity and relevant characteristics should be highlighted (empathy and motivation for sustainable support to women-led micro and small businesses).
- Contract conditions need to be attractive enough to select the best possible trainers, coaches and team members with appropriate technical skills as well as gender sensitivity, ideally to retain them until the completion of the project and minimise the transaction costs of distance between women and service providers. Salary level, reimbursement policy, working conditions and incentives ¹⁶ should ensure the recruitment of professional and qualified female staff.
- A code of conduct and a conflict of interest declaration need to be annexed to staff contracts in order to ensure that also outsourced providers (trainers, coaches, mentors) commit themselves to strict confidentiality and impartiality in the implementation of their tasks.
- Trainers and facilitators must have a clear understanding of the gender dimension of each topic, e.g. how the gender dynamics affect women and men differently, how women and men have different roles and different access to resources in the community and local economy, the compounding social factors, etc. In the very early stage of recruitment, it is advisable to have induction sessions on the gender aspects of entrepreneurship, the relevant BDS approach, major challenges and risk-mitigation strategies.
- Newly recruited staff should attend orientation and training of women entrepreneurs as observers in order to strengthen their awareness of the gender dimension.
- Trainers should adopt gender-sensitive facilitation and training methods, so to deliver technical knowledge in an environment that is conducive to discussion and sharing and to put all

participants at ease.¹⁷

- Gender-related implications should be identified and highlighted in the different roles played by the team members, which also allows for different approaches to work on various gender constraints and weaknesses.¹⁸

Below is an outline of the job descriptions for all key roles in a VBI team:

- The *Manager/Director's* role is to ensure successful project implementation by carrying out the following tasks: administrative oversight (planning, reporting, budgeting, human resource management); coordination of incubator activities; promotion, networking and developing partnerships with local stakeholders; fund-raising; project monitoring.
- The *Training Officer* is responsible for designing, implementing and coordinating training strategies and programmes. Her/his tasks include: design, development and testing of training modules and materials; planning, coordination and delivery of the training programme. When the training is outsourced, s/he develops the Terms of References (ToRs) for trainers; identifies and inducts a pool of trainers; recruits qualified business and technical trainers; designs, develops and conducts training

¹⁶ The incentives policy can include an end-of-year productivity-based bonus granted in the form of training opportunities, study time or other skill-enhancing devices.

¹⁷ General guidelines on this issue are provided in the Global Resource Database at <http://www.bridge.ids.ac.uk/go/global-resources>. The guidelines focus on the integration of the gender dimensions in each subject, to equally express opinions, experiences and views, to create the atmosphere in which women feel respected, safe and encouraged to share their views. This is to encourage women's active involvement in the training and to share the valuable experience and knowledge of more experienced women.

¹⁸ This applies for example to the trainers' role in strengthening women's knowledge in business management, to the coaches' role in supporting women to increase their personal and entrepreneurial capabilities, skills and self-confidence, and to the mentors' role as behavioural models of effective networking for business survival and growth.

of trainers (ToT) programmes; builds a data-base of local trainers for future training initiatives. When the training is not outsourced, s/he delivers training modules and the orientation training in collaboration with other VBI staff; provides technical assistance to entrepreneurs, including *ad hoc* business management trainings; carries out monitoring and follow-up field visits of women-led enterprises to assess their business performance; identifies training needs as well as managerial or technical challenges to facilitate and target the VBI assistance (e.g. through referral to formalised group courses or to the relevant VBI team member for one-to-one sessions).

- It may be necessary to recruit *technical trainers* (or training firms) on a consultancy basis to carry out training sessions aimed at enhancing women entrepreneurs' technical skills in production or service delivery. Depending on the focus sectors, and in particular for value-added activities, it is often necessary to outsource *PD&D experts* who will provide design inputs and build women's capacity to develop new products and also improve on the quality of their finish and presentation.
- The *Marketing Officer* designs and implements operational marketing strategies for women entrepreneurs, and s/he supports the delivery of technical training. S/he facilitates access to markets; elaborates strategies to align local businesses and their potential with new market trends; verifies and disseminates requirements and standards needed for in-country commercialisation of specific product lines (especially in relation to composition, packaging and conservation of foodstuffs, with particular reference to food safety) and for export-oriented production and marketing; contributes to establishing creative linkages and channels with local and international institutions (chambers of commerce, trade centres, trade fairs, product exhibitions, permanent show-rooms, etc.) to increase trading and export

opportunities for the VBI users, enhance the image of local female entrepreneurship and promote the VBI's support to small business; establishes contacts with local distributors and retailers to facilitate the marketing of VBI products and supports the development of local marketing networks; carries out regular marketing surveys and participates in the elaboration of sectoral market studies (led where relevant by external consultants); contributes to sourcing reports, studies and other documentation relevant to the VBI marketing assistance, thereby building a resource database; supports the delivery of training modules of the business management courses, with a particular focus on marketing-related topics; identifies and assesses the needs for product development and design (PD&D) for VBI users; provides technical assistance to entrepreneurs in the marketing and distribution field; assists women in the development of their business plans and their entrepreneurial strategy, with a particular reference to market analysis and marketing aspects; carries out monitoring and follow-up field visits of women-led enterprises.

- The *Business Counsellor's* role is to provide tailored one-to-one support to women entrepreneurs, with particular reference to business planning and counselling on business strategy. The Business Counsellor can provide hands-on support on very practical aspects of enterprise management, such as costing and pricing of products or services. S/he also facilitates the access of VBI users to financial services. In this context, s/he assists women potential entrepreneurs in the compilation of their business plan and in the preparation of the loan applications; maps existing credit institutions and schemes in the country/target area and facilitates contacts with them; verifies the entrepreneurs' need for finance and assesses the compatibility of loan terms and conditions with the entrepreneur's business strategy; connects women beneficiaries with suitable credit schemes, including by negotiating with

- existing credit schemes and financial providers the design of appropriate financial products; assists and provides continuous counselling to borrowers regarding the procedures for loan disbursement and repayment; assists women entrepreneurs in keeping financial records and managing their finances to enhance business performance and facilitate loan repayment. The Business Counsellor also ensures the correct, integrated and harmonic delivery of the VBI technical assistance services for each enterprise and coordinates the mentoring and coaching services (when relevant). S/he advises entrepreneurs on the procedures for licensing and registration of their business, and on related legal and regulatory matters. S/he leads and coordinates the implementation of specialised technical assistance services, takes part in regular training needs assessments conducted by other VBI staff; carries out monitoring and follow-up field visits to women-led enterprises aimed at assessing their business performance, identifying training needs or managerial/technical problems; refers VBI users to the relevant VBI team members and recommends additional business training sessions to be provided by the Training Officer.
- The *Local Promoters/Coaches* contribute to information and sensitisation in the incubator's target area. They publicise and disseminate information on the VBI activities and service package, in order to enhance its visibility among prospective clients and local stakeholders. The Local Promoters and Coaches contribute to the documentation of the different phases of VBI activities; support the delivery of training programmes and modules; carry out monitoring and follow-up field visits to women-led enterprises to assess the level of training content application and business plan implementation. They contribute to identifying women's challenges and training needs or managerial and technical problems in order to better focus and target VBI technical assistance. They conduct individual or small group coaching activities for women entrepreneurs; advise women

entrepreneurs on their business promotion strategies and disseminate information on the procedures for licensing, registration and related legal and regulatory matters.

- The role of *Mentors* is to build confidence, motivate and inspire women to believe in their own capabilities and adopt an innovative and growth-oriented attitude. They are successful businesswomen – preferably from the same target area - who share their experience and know-how with the VBI-supported entrepreneurs. They interact with small groups of interested

Box 27

Coaching women entrepreneurs in Tanzania.

In the Tanzanian environment, coaching proved to be an essential intervention, as many women entrepreneurs have low levels of education and little or no business management and technical skills. This situation was highlighted by the market study carried out in early 2010 by the project for the establishment of the TVBI. After attending trainings in business management and technical skills, women benefited from a close one-to-one follow-up by experienced and well-connected business coaches.

This type of assistance enabled them to apply the learning to their own enterprises in an environment that is quite different from the classroom. The coaching role can focus on two aspects: (a) advising women on the development of their business ideas so that their enterprises can evolve and stabilise or grow; (b) developing women's entrepreneurship skills.

Mentoring was carried out by people perceived as role models because of their demonstrated success in solving business problems. It allowed experience sharing and learning from the role model, with regard to how specific problems are solved in order to achieve set objectives in the business strategy. ■

women entrepreneurs and present their case stories (e.g. what business they are involved in, how they started and developed, how they raised capital, how they tackled problems and challenges, etc.). Mentors are also asked to assess the progress of the VBI programme and suggest areas of improvements.

5.5.3 Logistics of a business incubator

Incubator's location. The choice of location for an incubator or business support centre is mainly driven by the presence of infrastructure (e.g. premises, water, electricity, roads, markets) and services (e.g. financial services, transport services), by the need to coordinate or create synergies with other project stakeholders and by the affordability after the end of the project. Furthermore, as the VBI targets women not just as individual entrepreneurs but also as household and community members, its ideal location would be in a rural or peri-urban area, where society is more cohesive and it is easier to exploit and reinforce social linkages.

The premises typically include: a reception hall (with space for secretarial staff), the management office (when space is limited, the manager/director and the accountant share a room), a training hall including a documentation/library corner, an office shared by the training officer and the business counsellor, an office shared by the marketing officer and the local promoters/coaches. Additional space may include storage rooms or walled-in cupboards for product samples and training and information materials.

Equipment and furniture. A tentative list of VBI equipment and furniture includes: one computer per team member - with the exception of the support staff (driver, wardens, cleaners), software for a management information system (design and installation), photocopy/scanner machine, printer (a colour printer may be needed for in-house printing of training and information material), telephone/fax system, ADSL/internet wireless network, LAN, TV, VCR/DVD, overhead/LCD projector, video-camera, digital camera, air

conditioning / heating system, flipcharts, binding machine. Office desks, desk chairs, file cabinets, meeting tables and chairs, training hall tables, training hall chairs, reception hall chairs.

Vehicle. A vehicle (minivan or 4WD) may need to be purchased in order to facilitate the transportation of trainers and trainees to/from remote locations.

5.6 Induction and capacity building of VBI human resources

Human resources development (HRD), including technical assistance and training, is the key quality component provided by AIDOS during project implementation. This is aimed at long-term capacity building and performance improvement, and it is carried out with the support and cooperation of carefully selected experts.

All VBI projects include substantial inputs of technical assistance and advice: these are aimed at skill development of project and incubator teams, and at the establishment and enhancement of the incubator as a 'local organisation'. Furthermore, the VBI (as a project, and later as an organisation) defines its human resource development policy in terms of continuous skill upgrading of its team, in order to maintain relevance to the needs of the community. However, staff effectiveness and productivity will not only depend on their technical capability, but also on their motivation and enthusiasm for the mission of the VBI: supporting the development of viable women-led enterprises. As a VBI is the outcome of a development co-operation intervention, working with the incubator requires social commitment and genuine engagement in development. These aspects can also be explored and strengthened through motivational training and awareness-raising sessions aimed at reinforcing shared objectives and team spirit.

The continuous process of capacity building includes a mix of techniques, methods and mechanisms, e.g. in-house formal training sessions, on-the-job informal skill transfer, one-to-one counselling sessions, individual or group-based mentoring and tutoring, outsourced formal training, exposure to debates on enterprise development through seminars, workshops and conferences. The VBI staff also participates in study tours (e.g. in Italy¹⁹ or in countries where AIDOS established similar incubators or business service centres) to be exposed to examples of business development services and facilities, and to development and marketing initiatives.

AIDOS' technical assistance focuses on guidance and tutoring of the local staff, rather than on traditional training, in order to improve their professional skills and to strengthen their decisional and managerial capacities. This approach aims at guiding the staff through key decisions and choices, for example related to: the definition of the VBI strategic objectives and specific methodology adapted to the local context; the modalities of operational management; and the identification of incubator- and field-based activities and their specific content.

The first formal step in the HRD process is a 5-day (on average) induction workshop for the newly-recruited VBI team members.

The induction typically includes:

- a first overall introduction to the project strategy and incubation methodology, with some basic elements of BDS-related training
- an in-depth awareness-raising session with regard to the team members' individual roles and responsibilities within the incubator and in relation to their employers, clients and project stakeholders (with focus on both upward, lateral and forward accountability)

- a preliminary assessment of key skill gaps and consequent capacity building needs of the VBI human resources
- an introductory training on team-work and participatory planning
- production of a shared and realistic short-term work-plans for the VBI team.

In order to alternate passive and active learning modes, the induction period includes briefings and presentations as well as interactive training, group work and one-to-one sessions.

Based on the above considerations, the fundamental topics to be covered in the *induction programme* are the following:

- Presentation of participants, their experience and their roles in relation to the VBI project
- Briefing on project profile and overall approach, and short overview of partners and stakeholders
- Presentation of the implementing partner (local NGO) and its activities
- Presentation of AIDOS (international NGO) and its activities
- General background of the SME sector, women entrepreneurship and forms of BDS
- Field visits: communities in the target area, VBI location
- 'Business incubation' concepts, relevance to the MSME sector in the country and the VBI model
- Analysis of development needs in the VBI target area
- VBI service portfolio (overview)
- VBI structure (organisational chart) and job descriptions
- Implementing partner's working procedures and policy guidelines
- Institutional map, contractual/funding flows map, accountability levels and stakeholder analysis
- Team-work and participatory planning
- In-depth analysis of VBI methodology through an 'input-output analysis'
- Planning: strategic plans, action plans and work-plans
- Application: short-term planning

¹⁹ In this case, the choice of country is due to the presence of incubators for women-led enterprises, and also to the importance of the small business sector and relevant support structures in the national economy.

for preparatory activities (practical examples).²⁰

After the induction, the support provided by and through AIDOS to the implementing partner and the VBI team covers the following main areas:

- Project management and co-ordination
- Project administration and financial management
- MSME development and gender (entrepreneurship with a gender perspective; women's productive, reproductive, care and community roles in the project's context; the process of enterprise creation; MSME support structures and instruments; women's role in socio-economic development; women entrepreneurship in different contexts - e.g. in Europe and in the project country)
- Business incubation methodology (e.g. the experience of the Village Business Incubators and Business Support Centres in Palestine, Syria, Jordan, Nepal and Tanzania)
- Innovation and growth in local enterprises
- Market analysis and marketing
- Product development and design (PD&D)
- Communication and promotion
- Information management
- Monitoring and evaluation (M&E)
- Sustainability strategy: sustainability concept and objectives; assessment of sustainability options and potential; strategic plan and business plan, related to post-project sustainability of the incubator).²¹

The specialist advice and assistance in the above areas is delivered through various actors, i.e. AIDOS personnel, the international project coordinator and international or local expert consultants selected and overseen by AIDOS in collaboration with the local implementing partner.

²⁰ Adapted from: Lustrati, A., 2nd Technical Assistance Mission Report, Project "Establishing a Village Business Incubator for Women's Micro and Small Enterprises in the Coastal Midlands Area of Syria", 2005

²¹ *ibidem*

The value-added of AIDOS' direct contribution and of its facilitation with regard to accessing expertise is based on its international experience in business incubation. It also emerges from a systematic adaptation and contextualisation of the models tested over the years in relation to women entrepreneurship development.

While small business management training courses might be - to a certain extent - available at local level, entrepreneurial orientation and business counselling are often introduced through the new incubator initiative. The same applies to coaching and mentoring services. The consultants therefore provide technical inputs for the design, development and planning of the above activities. (see Box 28)

Box 28

Training the coaching team in Tanzania.

In order to build the capacity of the business coaches working with the TVBI, AIDOS supported the analysis of the results and quality of the in-depth enterprise visit reports (which proved essential in the definition of the advanced and specialised business training modules), it monitored the business/coach matching process and the operational aspects of the coaching programme, it identified the potential gaps to be addressed in the coaches' knowledge and skills and provided technical assistance for the improvement of the coaching tools and materials. The expert consultant also provided technical inputs for the organisation of the preliminary meeting with mentors. ■

The international expert consultants selected, outsourced and overseen by AIDOS to support the VBIs include:

- a. *MSME development and business incubation consultants* – These experts

- focus on designing and/or developing the incubation methodology and on improving the VBI team's knowledge of business incubation and development and their capacity to deliver the relevant BDS. The technical assistance and capacity building activities carried out by the consultants are designed to span over the life of the project – from design to implementation to working on sustainability of the incubators. During the project start-up phase, the MSME development/business incubation consultants participate in the inception missions and focus on assessing the VBI staff's training needs. In coordination with the international NGO, and in consultation with the implementing partner and incubator team, the consultants produce a training and technical assistance plan tailored to the staff's specific needs in terms of development of new competencies needed by this incubation model (orientation, coaching and delivery of BDS advanced services). The experts therefore conduct introductory and orientation meetings and an induction on the incubation process addressed to all involved human resources (VBI team, coaches and trainers). They provide technical backstopping for the development, testing, fine-tuning and finalisation of the training curricula and materials. Furthermore, during project implementation, the consultants assist in the identification of key areas for PD&D support, market linkages and advanced BDS, and in the sourcing of suitable experts in the selected areas. Finally, they support the VBI and the project partners in the definition and implementation of a sustainability strategy.
- b. *Consultants in marketing and communication/promotion* – These experts provide technical inputs for the definition of the VBI marketing and communication strategy on the basis of the results of the market study, and assist the VBI team in the development of the communication campaign and materials. They provide technical assistance for the development of the marketing and communication/promotional tools and materials (for both incubator and supported enterprises), e.g. corporate image (logo and other branding elements) and materials (brochures, labels, etc.). The experts contribute to the identification of selected PD&D needs (especially those related to packaging, labelling and presentation or positioning) and to the definition of criteria for the identification of enterprises with potential for innovation and product development. They also follow up on the market-related aspects of the design work carried out by the PD&D consultants, assess the potential of the products developed for export, fair trade and local market niches in terms of quality, quantity and pricing. Finally, they contribute to the identification and facilitation of relevant channels for the commercialisation of the products of the VBI-supported enterprises at local, national, regional and international level.
 - c. *Fair trade consultants* – These experts introduce the VBI team to the 'fair trade' concept, explain the requirements and processes to enter the fair trade market as well as the criteria for product certification. The consultants also support the VBI staff to successfully promote the products developed by the entrepreneurs through fair trade channels, by facilitating direct links between fair trade organisations and selected VBI-supported enterprises. These consultants can also provide information on other relevant certification schemes that are related for example to environmental and organic private trade standards.
 - d. A pool of *designers and product development experts* in the specific sectors supported by the incubator deliver the PD&D services for the VBI clients. PD&D work is almost entirely carried out at field level. Design and product development sessions take place at women's workshops, and are complemented by information, briefing and planning at the VBI premises. PD&D

aims to improve existing products and/or create prototypes of new products/models by collaborating with VBI-supported enterprises working on value-added activities such as textiles, tailoring, accessories and food processing. The consultants assess the women's technical abilities, production capacity, availability of raw materials and equipment, and the overall innovation and market potential of their enterprises. The experts then assist the entrepreneurs in organising the workplace and the working instruments and - where relevant - advise on the equipment to purchase and install in the workshop. The entrepreneurs are also assisted in applying adequate standards at the workplace and in terms of working materials, in order to align the production processes with the standards required by national and local legislation (especially with regard to food hygiene and safety). Advice is also provided on the presentation, labelling and packaging of the products. Where relevant, the designers may develop products that involve several producers in the production process, so to establish simple value chains at the local level. Consultants also

work with the VBI staff for the identification of market channels (such as exhibitions, fairs and outlets abroad for export trade) and to introduce the products to the local market (e.g. through tasting sessions and promotional events). (see Box 29)

5.7 Development of training materials and other support tools

A VBI requires the development and packaging of tailor-made materials for service delivery (e.g. orientation and business management training modules, evaluation sheets, certificates of attendance) and should take into consideration gender-related aspects in this process. Chapter 4 of this publication explains in detail which materials and tools are advisable for both the service providers (trainers, coaches and mentors) and the women entrepreneurs. Box 30 includes examples of specific sets of materials adapted to the particular service package of the incubators in Tanzania and Jordan. In general, training, learning and information materials should be adapted to the context and the knowledge baseline of the trainees, they should mention the challenges faced by women's enterprises, and should also feature women entrepreneurs in a variety of industries, with growth aspirations and innovative attitudes.

Box 29

PD&D in Tanzania.

With the technical assistance of a PD&D expert and the facilitation of the TVBI, new and better products have been developed and produced by the women entrepreneurs in the incubator's target area. The new textile products have a style and quality that are suitable mostly for local demand, however some are also targeted to regional markets and a few for export to Europe. The TVBI has also supported the entrepreneurs to explore international markets for ecologically-prepared food products (e.g. dried fruit and honey). ■

5.8 Setting up of a Management Information System

In order to effectively manage its physical, financial and human resources and to monitor and assess its technical work, the VBI establishes and operates a number of management systems. Their effectiveness depends on their appropriate design, on the managers' capacity to communicate and enforce them as well as on all staff's participation and co-operation.

The following are the main areas that compose the management framework of the incubator,

Box 30

Developing VBI training materials in Tanzania and in Jordan.

In Tanzania, the TVBI developed the following materials:

- Facilitator's guidelines and reference book for the Orientation workshops – including business health-check, SWOT analysis framework, enterprise success stories, other case studies.
- Trainer's handbook for the Business Management Training (BMT) and Technical Training modules.
- Participants' reference books for the BMT and Technical Training modules.
- Business Counsellor's manual, including business diagnostic checklist and guidance on counselling.
- Coaching guidelines, including organisational structure and procedures, checklists,

personalised improvement plan and business needs assessment to be used during enterprise visits, timetables and reporting forms.

- Mentoring guidelines.
- Other support materials (e.g. videos of enterprise experiences, production processes, etc.).

The WBDI in Jordan developed the following set of materials:

- Trainers' Handbook (a guide for the delivery of the training sessions).
- Training Package, as a flexible tool to respond to different training needs:
 - Entrepreneurial/Business Orientation Training (E/BOT)
 - Basic Business Management Training (BBMT)
 - Advanced Business Management Training (ABMT)
 - Refresher course or 'Flash Course' on specific business management topics (basic or advanced) ²² ■

with specific reference to internal (rather than external) relations: .

- **Financial management:** This relates to the two main areas of budget monitoring and financial reporting. The VBI directly manages a portion of project funds meant for training costs, consumables, transport, and similar. Other expenses (such as the staff salaries) are processed by the implementing partner. This is because a VBI has initially no contractual capacity (until it becomes a legal person in its own right). The financial management system is relatively simple and includes monthly expenditure reports to be forwarded to the implementing partner in order to demonstrate adherence to budget allocations. At the incubator level, the main actors of this system in the long-term are the financial manager of the

implementing organisation (as financial controller), and the VBI Accountant for the day-to-day book-keeping, orders, payments and preparation of financial reports

- **Logistics, supplies and maintenance:** Appropriate procedures are defined for the organisation of transport and other logistic aspects, as well as for the utilisation, maintenance and repair of equipment, premises and other assets. It is a good practice to institute a stocktaking and consumption-recording device for items such as stationery, in order to monitor and rationalise use of materials and consequent expenditure.
- **Human resource management (HRM):** This management area is based on the VBI organisational chart (in terms of accountability levels), the job descriptions, terms and conditions contained in the staff contracts and on any other mutually-agreed modifications of their ToR. The HRM system is regulated by working procedures and internal standards, and is primarily informed by the implementing

²² These components can be delivered independently or jointly, depending on the trainees' needs. Usually the BOT is shortly followed by BBMT, while ABMT and Refresher courses can be delivered independently.

partner's staff policies. The body of rules covers issues such as payments, sick leave, bonuses, maternity leave, holidays, punctuality, fines and penalties or deterrents. On the other hand, practical rules of co-habitation specific to the VBI setting are developed at local level and as much as possible in a participatory way. Mechanisms of supervision, monitoring, reporting and appraisal are defined in consultation with the international NGO partner, in order to attain bottom-up accountability and top-down transparency. It is good practice, when possible, to provide for a formal complaint procedure and set up the mechanism of an ombudsperson - ideally a person external to the VBI structure but well-acquainted with its functioning, aimed at providing impartial advice and mediation in case of management-staff or intra-team conflicts. The HRM system also includes a roster of technical trainers and other local consultants.

- **Internal communication.** A clear and systematically enforced system regulates the circulation and storage of correspondence and documentation. Besides a comprehensive and accessible filing system, and a well-managed and electronically catalogued documentation centre, simple rules for information sharing and accessibility of written or audio-visual materials are designed and applied consistently. In order to avoid information overload, it is important that the sorting of correspondence and documentation is done in a rational and focused way. Other aspects of internal communication are covered by the 'planning and consultation' system (described later in this section), while the external communication is addressed by the Information, Communication and Promotion (ICP) strategy (explained in the following section).
- **Information management:** This is a complex system referring to the information and data that is gathered or processed within the VBI. The VBI

job descriptions indicate the roles and responsibilities with regard to data gathering, data processing, database design and database management. External technical assistance is usually provided for the setting up of the Management Information System (MIS). However, if the timing of the consultancy is not compatible with the start of VBI operations, provisional basic frameworks are designed by the VBI by using available spreadsheet or database software, in order to gather key data from the very start of the incubator activities.

- **Planning, consultation and co-ordination:**

In order to ensure fluid and timely information-sharing, a participatory and well-focused consultation, and a systematic and realistic planning, the VBI establishes a system that includes:

- Mechanisms for regular group reporting, information and co-ordination, such as 'weekly update meetings'
- 'Planning meetings', held regularly and aiming at different levels of activities, e.g. strategic plans, action plans and work-plans
- A forum to consult and advise on technical issues of common interest, such as 'technical working groups'
- Monthly 'staff meetings / events' to evaluate the working atmosphere, discuss internal problems and boost morale
- Other relevant forms of consultation and coordination.

As a general rule, meetings should be as inclusive and participatory as possible, however some specific issues might need to be discussed in small focus groups, from the technical or managerial points of view.

- **Service delivery:** the MIS includes a number of databases recording quantitative data and qualitative information regarding the following areas:
 - BDS delivery (data on mobilisation, orientation, business management, technical training, business counselling, PD&D, follow-up, business

linkages, etc., for example in terms of number of sessions delivered and of participating clients)²³

- Marketing and Sales (data on marketing outlets, linkages, marketed products and services, unit prices, sales, etc.)
- Finance facilitation (roster of financial institutions, including local MFIs, and credit schemes; records of clients accessing loans, with amounts, purpose, conditions, repayment performance, etc.)
- Enterprise records (updated enterprise profile, business plan and economic performance indicators, consistently²⁴ monitored and compared over time)

Information contained in this section of the management information system is absolutely essential to determine the VBI socio-economic impact on the target communities, and it is directly connected with the activity of monitoring and evaluation. The impact of an intervention like the VBI is to be appreciated in the long run rather than in the short term. In this perspective, it is necessary that the VBI avail itself of a dedicated database where entrepreneurs' and enterprises' baseline information are duly collected and regularly updated. Ideally, this process is sustained beyond the end of the project by relevant actors - such as the implementing agency/ies or the VBI team. This allows partners to verify the long-term sustainability of those enterprises supported during the life-span of the project, hence the project impact at household and community level.

The 'enterprise matrix' included in the VBI's MIS database contains a range of key data and indicators, as indicated in Table 5.1.

²³ 'Sales' refers to the trade transactions facilitated by the incubator to support its clients, although the VBI does not 'market directly', i.e. it does not enter contractual relationships with suppliers or outlets.

²⁴ Adapted from: Lustrati, A., 1st Technical Assistance Mission Report, Project "Establishing a Village Business Incubator for Women's Micro and Small Enterprises in the Coastal Midlands Area of Syria", 2005.

5.9 Promotion, communication and coordination²⁵

The VBI adopts a comprehensive Information, Communication and Promotion (ICP) strategy aimed at disseminating and promoting effectively its developmental role, business services and capacity-building approach.

Women entrepreneurs are not always aware of existing training opportunities and sources of information. This is mainly due to the low educational levels of the vast majority of disadvantaged women, who do not regularly read newspapers nor access other media. Women are frequently unaware of the range of capacity building resources and financial instruments available for entrepreneurs, as information on support services might be incomplete or inaccurate and often circulates through informal channels.

To improve access to information, women need periodic visits by representatives of relevant organisations who can inform them on business development support (including access to finance), administrative procedures and other significant changes in markets, technology and policies. Awareness-raising activities are key to encourage female entrepreneurship, coupled with events that acknowledge achievement, e.g. awards for the most outstanding female entrepreneur or for the best product produced and marketed by a women-led business.

The mobilisation process of the targeted VBI clients can involve a number of strategies, e.g.:

- Meetings with the local communities
- Participatory appraisals
- Focus groups
- Field (household/workshop/farm/market) visits
- Dissemination of VBI information and promotional materials
- Incentives and promotional offers

²⁵ including examples of VBI visibility, e.g. website, media, public events.

²⁶ including liaising with other local agencies/projects and referral where relevant.

TABLE 5.1 MIS key data and indicators

General data	<ul style="list-style-type: none"> - Code - Name of enterprise - Name of entrepreneur - Location/village - Economic sector - Economic sub-sector - Description of product/service - Staff/employees (number, roles, skills) - Equipment and facilities - Registration - Date of establishment (days of operation) - Legal form - Graduation ²⁷
Strategy	<ul style="list-style-type: none"> - Enterprise strategy <ul style="list-style-type: none"> - Short-term - Medium-term - Long-term - (Updated) BUSINESS PLAN – attached
WBDI support	<ul style="list-style-type: none"> - Type of business management training attended (basic, advanced) - Type of technical training received (basic/advanced) - Type of PD&D support received - Marketing - Business counselling - Additional support needed
Marketing	<ul style="list-style-type: none"> - Product/service description - Number of products/services - Number of new products/services - Quality ranking (0= Poor, 1= market average, 2= above market average) - Market segmentation - Competition - Target market - Current market channels - Promotion materials/strategy
Economic data	<ul style="list-style-type: none"> - Average monthly (or yearly) net income level - % Contribution to household income - Mark-up (%) - Net profit ratio - Break-even timeframe (estimate) - % Plough-back (annual) - % Annual savings - % Annual consumption - Investment capital - Return on Investment - ROI (annual) - Monthly/Annual/Total Turnover - Monthly/Annual/Total Profit - Sources of finance - Loan amount(s) and conditions - Loan repayment status
Business linkages and networks	<ul style="list-style-type: none"> - Membership of business associations - Support from other business centres - Data and contacts of supporters, sponsors, volunteers, 'business angels' and 'friends'

²⁷ This refers to information on the incubator's graduation policy, i.e. on whether the enterprise is currently supported or whether it has 'graduated' from the incubator.

A participatory methodology is adopted by the VBI to actively engage community leaders, grass-roots organisations, local authorities and communities. The participation of the local community is essential in this type of approach as it allows the VBI to gather first-hand information on priorities, needs and concerns. During consultation processes at the local level, it is advisable to avoid open confrontations *vis-à-vis* predominant traditional values. At the same time, it is important to clearly stress the commitment of the VBI to women's empowerment and thus to household welfare: establishing a direct link between the promotion of female entrepreneurship and the wellbeing of the overall community is quite effective in defusing initial scepticism or resistance to positive change. The VBI team is therefore trained to openly discuss relevant issues and to adopt appropriate strategies to promote the acceptance and involvement of the community in the incubator intervention.

Through community participation - and principally through dialogue with women, the incubator team gathers, essential information regarding: a) appropriate locations and venues to meet new potential users; b) appropriate modalities to respect privacy and confidentiality required by local beliefs and customs; c) types and quality of services (to be) provided; d) (new) priorities emerging from the community with regard to business development and local market dynamics.

In order to also guarantee the application of a gender perspective, it is also necessary that the VBI team assess to which extent the social power imbalance between men and women is likely to affect socio-economic relationships.

An information campaign can generate useful entry points in the community and represents the first step in the process of sensitisation in the local community. It is important that all activities included in the information and mobilisation phase convey a clear message to all local stakeholders in terms of project objectives, role of the incubator in the community, and rationale of the support to women entrepreneurs in the target area.

If the VBI reconfirms the policy that beneficiaries should be charged a small nominal fee for the training courses and other services (in order to attach value to the service, and also to start building a minimum basis for sustainability), this should be made clear from the very beginning in order not to create false expectations of free services and grants. With regard to the latter, it should also be clarified that the role of the incubator is to 'facilitate' access to finance (where relevant) and not to issue loans or other financial products directly to the women entrepreneurs. The mobilisation process should emphasize the exceptional 'value-for-money' that the clients will be able to obtain from the incubator, i.e. an affordable fee in exchange for a whole range of benefits - such as orientation and guidance, management and technical training, learning materials, a personalised business plan, access to counselling and information, marketing support and finance facilitation, etc.

An incubator needs to communicate its 'message' to a variety of actors. Many of them are reached more effectively through promotional materials rather than by face-to-face meetings. Promotional tools include brochures, leaflets, fliers and posters, geared towards different target audiences. For instance, a basic *VBI brochure* can be issued in three different versions:

- i. a brochure targeting the potential beneficiaries and the local community at large, with basic information, in local language;
- ii. a brochure targeting governmental bodies, MSME-support institutions and donors, with comprehensive and more 'technical' information, in local language and in English or other relevant 'international' language - depending on the country or regional context;
- iii. a promotional leaflet meant for the marketing of the VBI as a service-provider and providing information on VBI-supported business and products, in local language and in English or other 'international' language - depending on the country or regional context.

The *VBI website* is an effective communication tool for the target group of computer literates. It has the dual function of marketing VBI products and services and of providing useful online resources to clients. For examples, the website has links to the implementing partner website and other significant stakeholders or sources of relevant information.

In order to enhance the access to information on the incubator portfolio among those who might have no Internet access, a newsletter for local distribution and promotional purposes is designed and produced in-house. This can contain useful business tips, success stories of women entrepreneurs and training-related information.

For the production of effective and consistent promotional tools, it is essential that the VBI define its branding by translating its 'market positioning' into an appropriate corporate image, e.g. logo, business card, headed paper, signage, consistent use of fonts, colours and layout in its dissemination materials, etc. If the VBI activity in product development is particularly successful, the marketing of new and improved products can be supported by the creation of a VBI trademark to be displayed on the marketed products as a guarantee of quality control.

It is also fundamental that the VBI define - in line with the implementing partner policy and with the donors' guidelines for visibility and communication - a clear set of guidelines that regulates the dissemination of project information or documentation and the relationship with the media. The text for a press release, a VBI 'mission statement', as well as an 'official' standard presentation of the VBI Project to be used in public contexts, can be prepared as useful tools of a coherent ICP strategy.²⁸

A VBI *video* is produced with the aim to present and describe the specific incubator model,

how this model contributes to the creation and development of viable and sustainable women-led micro and small enterprises and how it promotes the participation of women in the labour market and, consequently, their social and economic empowerment. The video provides information on the social and cultural environment of the entrepreneurs, such as the condition of women in the project area, their access to the labour market, their traditional role in the community and family, and the main constraints for the development of women-owned enterprises - such as possible resistance from husbands, families or communities, their limited exposure to the labour market (lack of education, skills, business orientation and experience) and limited access to work space and support, training, advice and marketing. The video can promote female entrepreneurship as an opportunity to unlock women's potential to become active agents of socio-economic change as well as to increase their exposure to new prospects and enhance their self-esteem. The personal experiences of the entrepreneurs can practically demonstrate how economic independence is a key element of women empowerment and how this process can facilitate positive change, not only at an individual level, but also within broader contexts (household, social group, community).

From the point of view of coordination within the stakeholder landscape, the VBI team continuously analyses and clarifies which institutional relations are key to its success and prioritises them according to the capacity of different 'project actors' to address specific institutional levels. The levels of 'competence' can be exemplified as follows (in relation to AIDOS as international NGO, and to its partners):

- *AIDOS* networks with the current donors, with other potential donors at European and global level, with the media in Italy and Europe, as well as with business support programmes, marketing channels, fair trade organisations, etc.
- *The implementing partner* engages with governmental bodies in the country, NGOs, development projects, local potential donors, country offices of international organisations, companies, sponsors, universities and training institutions. It communicates

²⁸ Adapted from: Lustrati, A., 2nd Technical Assistance Mission Report, Project "Establishing a Village Business Incubator for Women's Micro and Small Enterprises in the Coastal Midlands Area of Syria", 2005

and establishes contacts with local authorities, target communities, local media and local business.

- The *VBI team* maintains contacts with the clients and their communities, with CBOs and other grassroots organisations, with local government, traditional authorities and the local private sector.

Table 5.2 illustrates the most significant relations in the 'stakeholder engagement strategy' of the VBI, together with the corresponding recommended actions.²⁹

5.10 Monitoring and Evaluation

The monitoring and evaluation of the VBI project performance are conducted at two levels: project implementation modalities and project results and impact on the target population.

It should be noted that the M&E guidance provided in this section is specifically geared toward the assessment of performance 'of the project that is establishing or has established a VBI'.

A different approach is needed for the performance measurement of an incubator during its 'post-project' operations, as this would depend on what form the incubator takes - Does it continue to operate as 'department' or 'programme' of the local NGO/implementing partner? Does it get absorbed into a governmental structure for local economic development? Or does it become a fully-fledged, independent and sustainable local institution?³⁰

The essential recommendation for a possible performance tracking system designed for a 'post-project' VBI, is that the relevant framework should include data collection and analysis at two key levels:

- performance of the incubator as local BDS provider;
- performance of the incubator-supported enterprises.

A variety of monitoring tools can be used to collect

information on the outcomes and results of the 'VBI as project', with regard to its main dimensions:

1. *Strengthening and growth of women-owned small and micro-enterprises* – Monitoring of this component may include quantitative and qualitative indicators measuring or highlighting change in: sales (turnover/revenue), capital (including adoption of appropriate technology), number of employees, number of women-owned enterprises that are in compliance with current regulations (licensing, premises, employment contracts, etc.), number of women who have increased access to markets, diversification and quality of products/services, savings and access to enterprise finance, capacity of women entrepreneurs in business planning, household-enterprise time management and human resource management, presence of clear and separate financial accounts for the enterprise.
2. *Increase in women's economic and social empowerment* – This may include indicators measuring income differentials generated and controlled by women, number of women with personal bank accounts, number of women with title deeds for collateral and assets (land, buildings), women's decision-making power within the household and community, participation of the husband in the household and/or enterprise tasks in support of the woman entrepreneur, level of women's self-care and self-esteem.
3. *Increase in households' and children's well-being* – This aspect may include measures on school enrolment ratio, decrease in the incidence of child labour, household nutritional levels, improvement in household assets (furniture, appliances, means of transport, communication devices, etc.)
4. *Increase in local capacity of supporting women entrepreneurs* – This may be measured by considering the choice and quality of local BDS and enterprise finance provision, level of collaboration and synergy amongst relevant stakeholders,

²⁹ *ibidem*

³⁰ Further advice on these aspects is provided in the chapter on 'Sustainability' in this publication.

and where relevant also changes in MSME development policies.

5. *Increase in project partners' knowledge base for this type of intervention* - including its increased capacity of working with grassroots, local and international NGOs, wide dissemination of the approach and implementation of the VBI project, ability of scaling up and replicating the VBI model in other target areas, countries or regions.

Monitoring plan

Several monitoring tools can be developed for the VBI project's monitoring framework and used to systematically record quantitative and qualitative data for a set of performance, results, and impact indicators. The information collected is entered into a Management Information System (the general VBI database).

The VBI MIS can be first developed through basic spreadsheet software in order not to delay data input, and then transferred to a purpose-designed database format in adequate software, in order to improve data presentation and allow for analysis and retrieval.

Data can be collected on an ongoing basis throughout the project, at the end of the specific activity, or at the end of the project that establishes the VBI.³¹

The VBI Manager is the main person in charge of the monitoring process and in particular of:

- developing appropriate tools (forms and templates) to monitor each activity in collaboration with the VBI team and external consultants;
- training VBI team members (and other actors involved) on data gathering and the use of different tools;
- ensuring comprehensive, consistent, accurate and timely data gathering, by involving the VBI team and concerned

stakeholders;

- ensuring appropriate analysis and reporting of information;
- follow up and/or revise monitoring tools, if additional or different information is required.

Each VBI staff member is responsible for collecting the required information in their field of action (e.g. Trainers and Training Officer for training evaluation questionnaires, or Coaches for coach logs). This information is then transferred to the VBI Manager who supervises data input and analysis.

³¹ Note again the distinction explained at the beginning of this section between the project's M&E system and a potential performance tracking system for the incubator in its 'post-project' phase.

TABLE 5.2 The stakeholder engagement strategy of a VBI

	Level	Institutions / Stakeholders	Actions
VBI Institutional and Community Networking	Community / local level (VBI target area)	Women groups, CBOs and grass-roots organisations	Sensitisation and mobilisation
		Individuals/clients in the target area	Establishment of direct link and relationship with potential VBI trainees Sensitisation, mobilisation and targeting
		Local government (regional or provincial authorities, line ministries for agriculture, industry, trade, infrastructure, energy, environment, etc.)	Dissemination, awareness raising Exploring support for VBI Ensuring compliance with local policies
		Other local institutions (schools, universities, research institutes, etc.)	Dissemination and awareness raising Targeting and mobilisation Technical support
		SME-related development projects, NGOs and international organisations	Exploring possible partnerships, synergies or one-off collaborations Participating in SME-specific and women empowerment forums and networks Exchanging information Gathering lessons learnt, best practices, SME-related data and literature
		Credit schemes, MFIs, banks and other financial institutions	Investigating options for access to finance Marketing VBI services (SME-related training)
		PD&D and technical skills centres (e.g. extension services, vocational training centres)	Sourcing technical training and PD&D services Field-visits for trainees' exposure Assessing product availability and potential market niches Exploring partnerships or synergies
		Central government, diplomatic missions and donor agencies (bilateral donors, EU, UN, etc.)	Co-ordinating VBI strategy with SME-related policies Exploring collaborations and possible support to VBI Marketing VBI services Raising country-based funding
VBI Institutional and Community Networking	Regional / national / international level	International NGOs and projects active in PD&D, fair trade, organic farming, environmentally-sustainable production (waste and scrap recycling), community-based and responsible tourism	Sourcing services and information on trade and quality standards, processes and distribution networks Field-visits for trainees' exposure Facilitating synergies Establishing partnerships Marketing VBI services Promotion of VBI-supported products Identifying local 'success stories' for integration in training and awareness-raising

VBI Institutional and Community Networking	Level	Institutions / Stakeholders	Actions
	Regional / national / international level	Chambers of Commerce, of Handicrafts and of Agriculture, business groups, professional associations, trade fair organisers, and other relevant organisations in the private sector	Sourcing services and information on standards, processes and distribution networks Facilitating synergies Establishing partnerships Promotion of VBI-supported products Marketing of VBI services Identifying local 'success stories' for training integration Exploring support of VBI Raising country-based funding and sponsorships
	(other relevant organisations and institutions, depending on the country's and incubator's contexts)	(other actions as relevant)	

TABLE 5.3 VBI project monitoring and evaluation tools and processes

Tools and processes	Responsibility	Frequency
Baseline and end-line surveys by external consultants	Data collection consultants	Beginning and end of the project
Initial coupons and application forms (where relevant)	Implementing partner	At first contact and at screening workshop (where applicable)
Training evaluation questionnaires (including training of trainers, coaches and mentors)	Implementing partner	After specific training session
Trainer reports: information sheets providing feedback on the training (e.g. women attendance, participation, training environment, critical issues, difficulties, relevance of training modules, satisfaction levels, etc.) completed by trainers after every specific training session	Trainers	After specific training session
Focus group reports: reports from focus group meetings organised to validate information collected through different monitoring tools, and to collect information about sensitive issues (especially concerning increase in women's economic and social empowerment, household improvement or children education and nutrition)	Data collection consultants, implementing partner	Beginning and end of the project
Women-led enterprises' performance reports, sales books reports, daily books of business transactions (data reported in coach logs) ³²	Women entrepreneurs, coaches	Reported at every meeting with women entrepreneurs

Tools and processes	Responsibility	Frequency
Coach logs and reports compiled by the coaches after every visit of women-led enterprises	Coaches	At every meeting with women entrepreneurs
Mentor reports compiled by the mentors after every visit of women-led enterprises	Mentors	At every meeting with women entrepreneurs
Evaluation questionnaires filled by women entrepreneurs receiving the advanced BDS package after each non-training service delivered (e.g. business counselling sessions), to record degree of satisfaction about the services	Implementing partner	Regular
VBI staff diary compiled after every advanced BDS delivery or meeting/visit to women-led enterprises	VBI staff	Regular
VBI staff meetings reports	Implementing partner	Regular (monthly)
VBI progress and financial reports	Implementing partner	As per contractual schedule
Mission reports by international NGO and/or by international experts providing information on the capacity building activities delivered for VBI team and other forms of technical assistance to local enterprises	International consultants	At completion of every mission
VBI database (MIS)	Implementing partner	Regularly, throughout the project
Reports of monitoring missions to tackle any emerging problem, carrying out consultations and discussions at different levels and identify timely solutions	International NGO	On annual basis and during project critical phases
Financial, management, procurement and technical audits	External consultants	On annual basis, upon project completion
Evaluation report	External consultants	Upon project completion
Yearly project reviews	All project stakeholders	On annual basis ³³

³² These documents are based on templates developed and agreed upon by the VBI staff and are maintained by the women entrepreneurs at the business premises. During their visits to the women, the coaches consult these documents and transcribe data in their logs and reports.

³³ Adapted from: World Bank, Tanzania Virtual Business Incubator, Operations Manual, November 2009



Chapter 6

How to promote a VBI's sustainability

6.1 Planning for sustainability: the process

The IFAD Strategic Framework 2007-2010 provides the following definition of sustainability of a development intervention: “[...] ensuring that the institutions supported through projects and the benefits realized are maintained and continue after the end of the project...”.¹

In the case of the incubators designed and implemented by AIDOS in collaboration with its local partners and described in this publication, the goal of sustainability has been systematically pursued at different stages of the project cycle and has typically involved dedicated technical assistance and participatory planning, especially in the latter part of the interventions' first phase.

The process of definition of a sound and realistic sustainability strategy for a VBI involves several steps, as presented by the 'road-map' in Table 6.1.² As described in the diagram, the incubator's team and stakeholders need to initially clarify and adopt a multi-dimensional concept of sustainability so to define objectives and framework for the analysis of the incubator's prospects. Subsequently, they gather and analyse the needed data so to inform a number of scenarios that will be prioritised during the definition of the actual sustainability strategy and relevant action plan.

This chapter explains the different dimensions of sustainability in a VBI and outlines the process of analysis and planning for each of them, providing examples of frameworks, mind-maps as well as case studies from Syria, Jordan, Nepal and Tanzania. It is useful to note that the aim of this section of the publication is to provide guidance on a *method* to address the challenge

of sustainability. There is however no precise formula to attain this goal. The end result – in terms of actual sustainability strategy adopted by a specific incubator project – will vary depending on context, resources and timeline.

6.2 Capacity-building on sustainability concepts and mind-mapping

At the appropriate time during project implementation, it is important to support the incubator's team in making some preliminary observations on the sustainability potential and challenges of the VBI. This is done by stimulating a conceptual reflection on sustainability dimensions that kick-starts the analysis and definition of a 'VBI Sustainability Framework'. The latter is meant as a simple, flexible but comprehensive tool capturing the key issues that have a bearing on the sustainability:

- of the VBI as a project;
- of the VBI as a (prospective) independent/self-reliant organisation;
- of the VBI-supported enterprises.

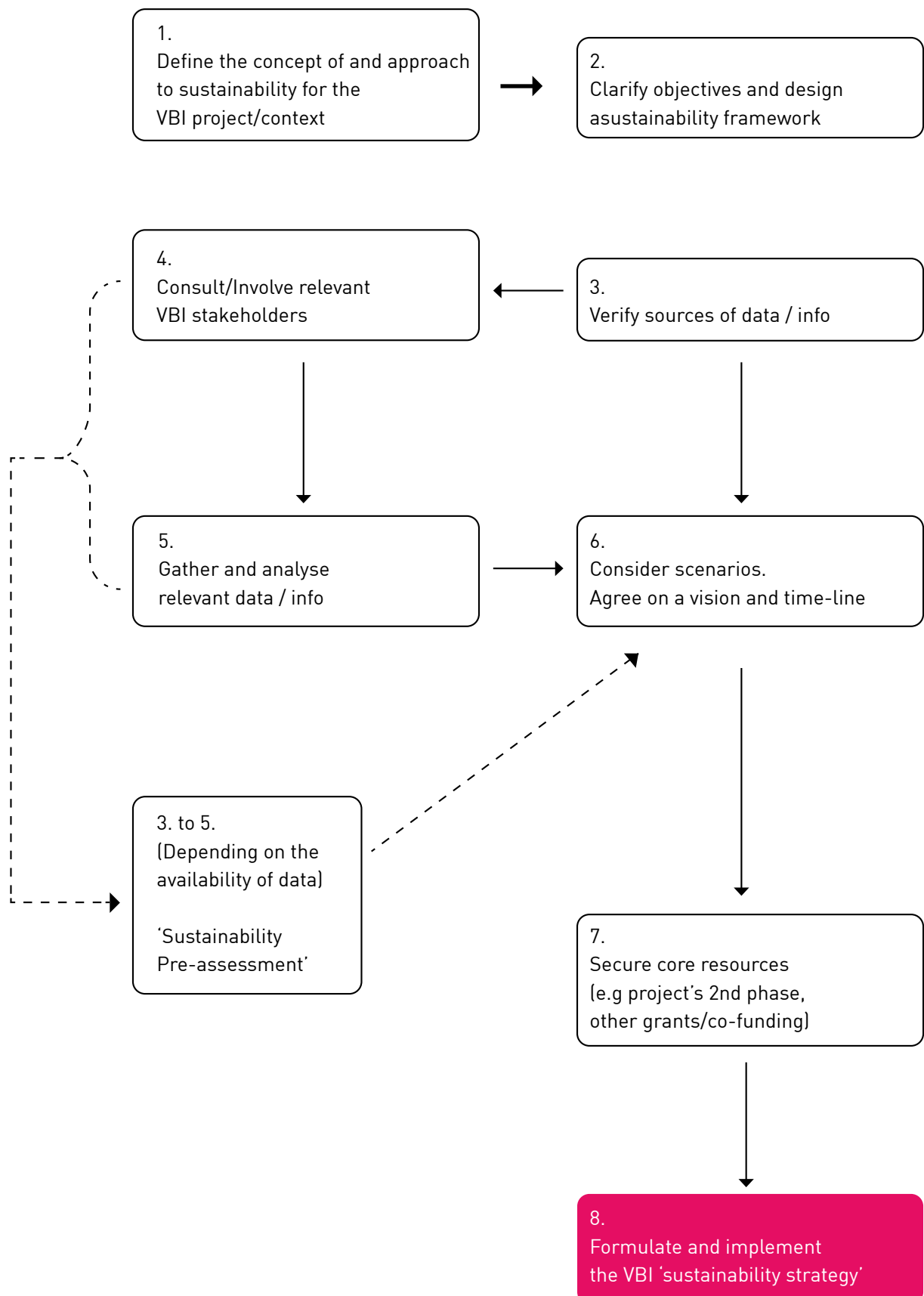
The framework takes into account also the inter-dependence of incubator and enterprises with the broader socio-economic environment.

A technical assistance mission to address the above issues typically involves the whole VBI team and includes one-to-one briefings with the local project coordinator, selected staff members and representatives of the local partner organisation. Facilitated discussions, brainstorming and mind-mapping exercises with the whole team contribute towards the validation and further development of the analytical framework proposed by the international NGO (AIDOS) and the external expert(s) for the launch of a 'VBI Sustainability Study'. Details of this framework are illustrated in section 6.2.

As the incubator staff might be unfamiliar with the concept of 'multi-dimensional sustainability', the above-mentioned sessions can be used to build their capacity in substantive

¹ Quoted in "Sustainability of rural development projects - Best practices and lessons learned by IFAD in Asia", IFAD, May 2009

² Lustrati, A. - 6th Technical Assistance Mission - Sustainability Framework Report, Project "Establishing a Village Business Incubator (VBI) for Women's Micro and Small Enterprises in the Coastal Midlands Area of Syria", 2007

TABLE 6.1 VBI Sustainability Road-map


(sustainability-related concepts) and methodological (mind-mapping, participatory analysis) terms.

The objectives of the sustainability-related sessions are the following:

- Mind-mapping and defining the 'multi-dimensional sustainability concept'
- Exploring a framework for the VBI 'sustainability analysis'
- Clarifying the steps to be taken towards defining a 'sustainability strategy'
- Gathering evidence on the main components of sustainability
- Verifying and validating the sources of information and data.

The first phase of the dialogue is usually devoted to exploring whether – based on the available information and experience – the VBI team and stakeholders expect the VBI to become 'sustainable', what this means, what challenges are involved and which time-frame is applicable.

To provide a sound conceptual basis, the external expert provides an overview of the concept of sustainability and then presents some tools for analytical exploration. Below is an outline of the key ideas that are usually presented and discussed:

(a) Where does the idea of 'sustainability' come from?

- Origin of the concept in ecology and environmental management
- Application of sustainability to development projects
- Tendency to emphasise financial needs (and limitations of this approach)
- Importance of institutional and organisational aspects
- 'Sustainable development' as a multi-dimensional concept.

(b) What do we mean by 'sustainability'?

A possible definition: "Sustainability of a development intervention is the ability of its positive outcomes to persist over time, maintain relevance and raise/generate resources".

(c) What are the implications for the VBI?

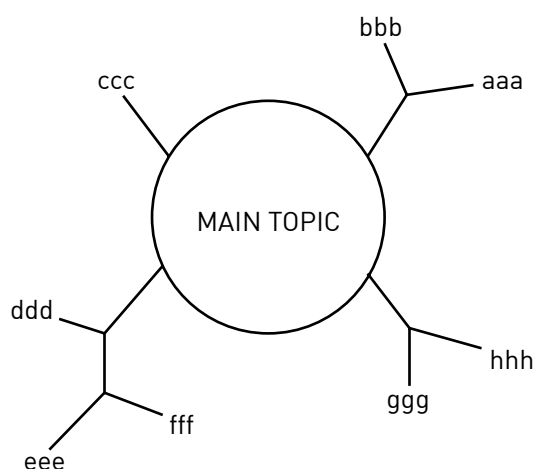
The VBI team is invited to try and apply this definition to the specific case of their project, by responding to the following questions:

- What is the project's main positive outcome?
- Why should it persist over time?
- In which form (e.g. self-reliant organisation)?
- To what/whom should it stay relevant?
- Which resources are needed?
- How can they be generated/raised?

In order to facilitate inclusive reflection and visualise the inputs from all team members, the external expert introduces the methodology of 'mind-mapping', illustrating the use and typology of 'mind maps' or 'concept maps'. S/he explains how these can be more effective than a simple brainstorming as they allow for the identification and representation of multiple linkages and non-linear interdependence. The discipline of 'systems thinking' (widely used in the so called 'learning process approach' to modelling) encourages participants in a group-planning exercise to choose from a multitude of different types of mind-maps (e.g. spray diagrams, rich pictures, systems maps, influence diagrams, multiple cause diagrams, cognitive maps, etc.), depending on the emerging needs and functions required (e.g. to represent/analyse 'structure' rather than 'action'; or to look at a 'snapshot' rather than a 'sequence', etc.). In the cases when this method is new to the incubator team, it can be sufficient to introduce and apply just spray diagrams and systems maps.³

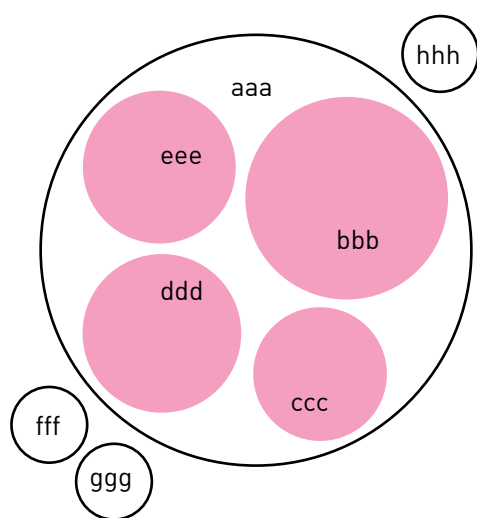
'Spray diagrams' ('concept maps' or 'simple maps', exemplified in Table 6.2) show the connections between related elements or concepts associated with a particular issue. They do not show the specific nature of the relationship between the elements.

³ The Open University, "Institutional development: conflicts, values and meanings" – Part 2: 'Appreciating and managing inter-organisational relationships', Milton Keynes, 2005

TABLE 6.2 Format of a 'spray diagram'

A 'systems map' (exemplified in Table 6.3) allows participants to:

- identify conceptual / physical boundaries around a particular issue
- highlight elements outside that boundary which might be significant
- explore the significance of changing where the boundary is placed
- provide an initial stakeholder analysis.

TABLE 6.3 Format of a systems map

The essence of mapping exercises is that each map 'designer' (individual or group) is given the chance to provide and systematise his/

her/its inputs from a specific standpoint that is relevant to the project/intervention/activity being analysed.

Based on this premise, the VBI team can draw, with the facilitation of the external expert:

- A 'spray-diagram' of all elements connected with sustainability
- A 'systems map' (the VBI 'system' and its 'environment' in relation to sustainability)
- Other concept maps of the individual components of the sustainability analysis.

The concept maps produced by the participatory sessions on sustainability indicate the multiple issues and linkages identified by the incubator's team, and are later systematised into the 'sustainability framework' explained in section 6.3 below.

An example of spray-diagram illustrating the thinking of a VBI team around the overall concept of sustainability is included in Table 6.4. Other concept maps are included in the Annexes (see later references in this chapter) to visualise individual dimensions of sustainability.

6.3 Multi-dimensional sustainability: framework and objectives

If the VBI team agrees to the adoption of a multi-dimensional, and thus multidisciplinary, framework for the analysis of sustainability, this will look as illustrated in Table 6.5.⁴

International experience has shown that sustainability of development interventions (and their outcomes) should be meant

⁴ Before applying it to its business incubation projects, this approach was tested by AIDOS in the sustainability analysis and strategy design for other development initiatives, namely the AIDOS-supported women-counselling centre (WHCC) in Amman, Jordan. Practical examples of sustainability action plans from this project were initially shared by the external expert with the team of the Syria VBI as a point of comparison (within a 'learning process' - rather than 'blueprinting' - approach to modelling).

TABLE 6.4 Concept map (spray diagram) of VBI team plenary discussion on sustainability

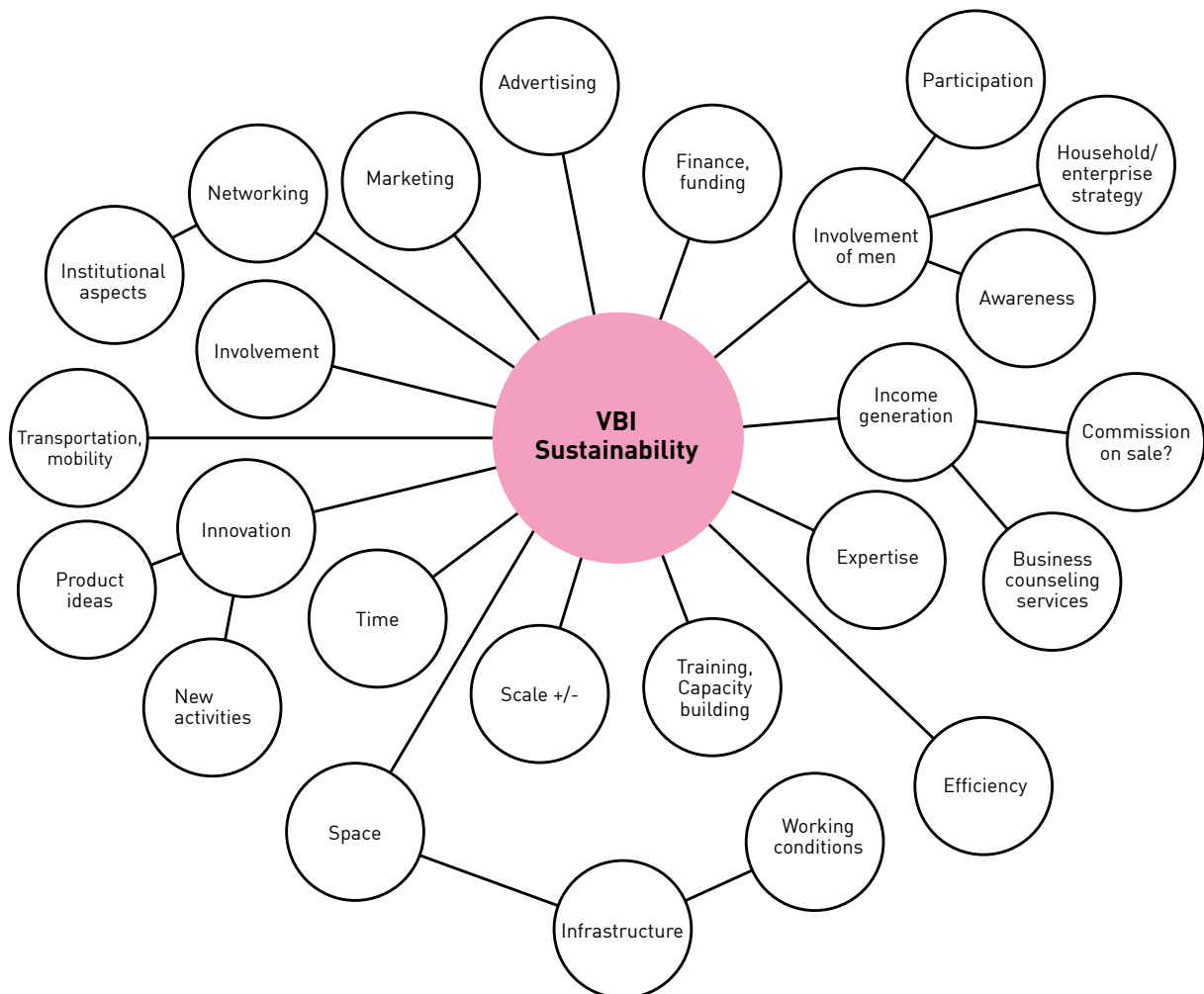


TABLE 6.5 Multi-dimensional sustainability



and considered in its entirety, and not only in economic or strictly financial terms. It is also crucial to always keep in mind that all aspects of a project are interrelated and therefore they have an impact on its sustainability prospects.

The VBIs - within their respective planning processes - have considered and discussed all above-mentioned dimensions of sustainability in a variety of sessions and settings (e.g. during field visits and other on-the-job interaction of the external experts with the team members). It may happen that due to time constraints and prioritisation of the most imminent challenges, most of the attention and resources are devoted to the 'economic and financial' and to 'institutional' and 'organisational/managerial' aspects of an incubator's sustainability. However, all components of sustainability are in principle equally crucial. An introduction to their analysis is included in the following sections (6.4.1 to 6.4.6).

In terms of overall analytical framework, a tailor-made example is included in Table 6.6. The key feature of this framework is that it highlights how sustainability issues need to be examined both at the level of the VBI as a project/organisation and at the level of the VBI-supported enterprises. This dual approach helps the project partners to remain focused on checking the impact and relevance of the incubator, before investing further in strengthening (and possibly 'institutionalising') the business support centre.

This framework is also underpinned by specific 'sustainability objectives' of the VBI as a project, as a prospective institution and as a champion of the local VBI-supported enterprises. Such objectives are outlined in Table 6.7.

6.4 Assessing the sustainability potential of a VBI

6.4.1 Financial and economic sustainability

Below is an outline of the most pressing issues that usually emerge in the analysis of this dimension of an incubator's sustainability:

- External funding and country-level or international fund-raising
- Resource mobilisation and diversification of funding sources
- Cost-efficiency (including rationalisation of service delivery) and cost-saving
- Cost-recovery (including membership fees, pay-per-use fees)
- Income-generating activities
- Incubator as service provider (including information, training and capacity building services).

The objectives of 'economic and financial' sustainability can be defined as follows:

- At the incubator level: "To sustain the VBI with sufficient and well-managed financial resources which are internally- and/or locally-generated."
- At the enterprise level: "To ensure that the VBI-supported enterprises are properly managed, have access to appropriate finance, and produce products / deliver services that are successfully marketed and sufficiently profitable."

The Sustainability Study looks at 'financial' sustainability of the VBI from the point of view of:

- The external and internal sources of income
- The way the average income per year (across X number of years of the project period, based on actual data and on projections) have been / will be utilised
- The spending capacity of the institution (one of the indicators of its ability to deliver the services planned and of its cost forecasting skills)
- The other potential financial flows, from 'traditional' and 'new' sources
- The main issues of financial management

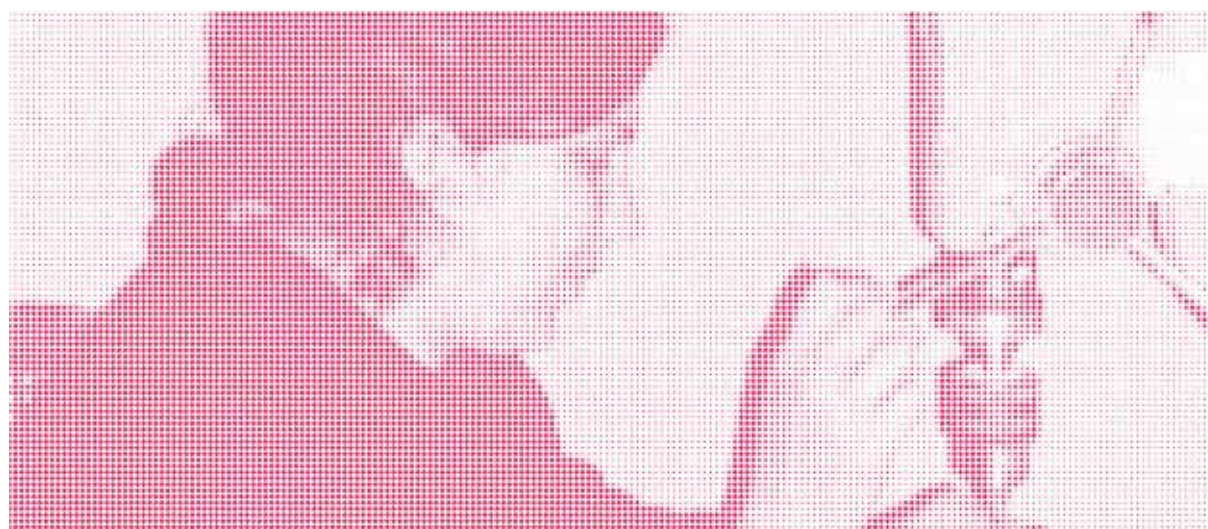
TABLE 6.6 Example of 'sustainability framework' for VBI-related analysis ⁵

Dimensions of sustainability	VBI-level issues	Enterprise-level issues
Economic Financial	Strategic budget design Funding, financing Resource-mobilisation/investment Cost-efficiency Cost-recovery Income-generation	Viable business plans High-margin goods/services Increased productivity Access to profitable markets Facilitation of access to finance Sound financial management
Managerial Organisational	Efficient management of resources and information Rationalised systems Internal coordination Human resources development Productivity and motivation	Improved management skills Suitable, clear enterprise strategies Coordination with VBI Relationship with financial institutions Value chain integration Clustering, linkages
Institutional	VBI scenarios: in/dependence? Institutional format? Relationship with local partner organisation Networks and partnerships with key stakeholders	Formalisation? Registration? Membership of business associations and networks
Technical Methodological	Training relevance Field-based business counselling Identify innovation niches Strategic technical assistance	Innovation (PD&D), upgrading Diversification, differentiation Focus on quality, reliability Household-enterprise strategy
Developmental Socio-Cultural	Role in the community Developmental impact Social capital Cultural integration	Enhanced entrepreneurship Increased well-being Reduced gender barriers/bias Involvement of male household members

⁵ Lustrati, A. - 7th Technical Assistance Mission - Sustainability Pre-Assessment Report, Project "Establishing a Village Business Incubator (VBI) for Women's Micro and Small Enterprises in the Coastal Midlands Area of Syria", 2008

TABLE 6.7 VBI Sustainability Objectives

Sustainability dimensions	Sustainability objectives
Economic and financial sustainability	<ul style="list-style-type: none"> • At the <u>incubator</u> level: To sustain the VBI with sufficient and well-managed financial resources that are internally- and/or locally-generated • At the <u>enterprise</u> level: To ensure that the VBI-supported enterprises are properly managed, have access to appropriate finance, and produce goods or deliver services that are successfully marketed and sufficiently profitable
Institutional sustainability	<ul style="list-style-type: none"> • To define and achieve the most suitable and effective institutional format • To enhance the status, credibility and synergy of the VBI with the partner community, country-level institutions and international stakeholders
Organisational and managerial sustainability	<ul style="list-style-type: none"> • To maintain an efficient, effective, flexible, responsive and participatory internal organisation and management system
Technical and methodological sustainability	<ul style="list-style-type: none"> • To strengthen the relevance and appeal of the VBI through the delivery of services in the needed quantity and variety, at an adequate technical level and with the appropriate methodology
Socio-cultural sustainability	<ul style="list-style-type: none"> • To maintain a balanced and co-operative relationship with the beneficiary community, by facilitating positive social change in the respect of cultural values and local priorities
Developmental and policy-related sustainability	<ul style="list-style-type: none"> • To support continuous and incremental gender-sensitive development through enterprise promotion, thereby becoming a 'centre of excellence' that contributes towards the definition and implementation of innovative policies and strategies for the country's socio-economic advancement



and monitoring between donor, executing and implementing agencies (project partners: e.g. international NGO and local NGO).

The Sustainability Study considers the 'economic sustainability' in terms of:

- A strategy for 'cost analysis, reduction and recovery'
- The criteria for costing and pricing of the VBI's services
- The possible specialisation / expansion of the VBI's service portfolio
- The promotion and marketing of existing and new services
- The type and entity of investment needed
- The economic implications of the VBI vision as a self-reliant unit (e.g. sustainable department, 'social enterprise', etc).

The sustainability options and tools - at the VBI and enterprise levels - are outlined below. Two concept maps of economic and financial sustainability (at incubator and enterprise level) as seen by a VBI team are included in Annex V and Annex VI.

1. Economic and financial sustainability of the incubator

Budget analysis

One of the initial steps in assessing the sustainability prospects of the VBI is to analyse the current incubator budget and calculate its average annual operating costs with respect to a specific target area and number of enterprises served.

Additional calculations on service-delivery unit costs (e.g. cost of training per entrepreneur) also help in determining current levels of cost-efficiency.

The average income per year provided by the project budget for the establishment of the incubator can be taken as a 'reference value' in forecasting the financial resources required to sustain the same level of service delivery after the project ends. This is useful to set an income target for an independent or self-reliant VBI.

The average yearly income needs however to be adjusted by the following factors:

- Yearly average is inflated by the bulk of start-up investment (equipment and intensive technical assistance to kick-start the Project)
- Continuous investment is needed also in subsequent years of implementation in order to compensate for depreciation of physical capital and for on-going updating of the technical know-how (to counteract the 'deskilling' of human capital)
- Rate of inflation (including possible salary adjustments pegged to the price index) as well as exchange rate fluctuations - if applicable (depending on currency of funding sources).

Besides overall income, the team analyses the composition of the budget, noting for example that the majority of project funds are spent on salaries as the VBI is service-based and therefore heavily relies on technical, managerial and support personnel. Considerations can however be made about the opportunity to rationalise the use of some human resources in view of future sustainability. An example of template for 'budget analysis' is included in Table 6.8.

Based on the above elements, the external expert can then advise the VBI team and partners on ways to contain or reduce costs as well as approaches to raise funds and generate income. The key issues and concepts to be considered with regard to these two goals (reducing costs, increasing income) are summarised in the following pages.

1. Cost-reduction (containment)

- Cost-cutting (rationalisation of expenditure)
- Cost-saving (energy saving, consumption control, increased productivity)
- Cost-efficiency and cost-effectiveness

Most of the contemporary literature on sustainability in service-based development interventions tends to focus on the objective of *cost-recovery*, advocating for the utilisation of

TABLE 6.8 Example of budget analysis (current and forecast VBI costs)

Category of expenditure	Amount over X years (project duration)	% of total budget (example)	Forecast after project end (%) (example)	Notes
Salaries (local)	...	40	35	This may decrease in the case of outsourcing
Operational (local office and transport costs)	...	15	15	This might be stable if the incubator scale of operations is constant or if the budget increases in proportion to expansion
External technical assistance	...	15	10	This might decrease after initial induction and capacity building of staff, but some will be needed to continue investment in human capital and innovation
Equipment and supplies	...	15	10	This might decrease after start-up investment
Staff training, HRD	...	5	5	This should remain stable to avoid deskilling
Sub-contracts, outsourcing	...	0	10	This might increase to enhance flexibility and lower unit costs
Publications, communication, events	...	10	15	This might increase with growing role of the VBI and growing need for self-marketing

user charges to cover at least the operational costs of local service providers (in this case, incubators). However, it is imperative to first of all consider an institution's cost structure in order to verify its cost-efficiency and define a 'cost-reduction' (or 'cost-containment') policy aimed at enhancing it. On the other hand, the incubator's team and partners need to be aware that cost-containment is essentially a short-term measure, connected to 'survival' rather than 'sustainability' proper. Any feasible cost-cutting and cost-saving measure is of some use, but ultimately cost-recovery and income-generation

are the factors allowing for the targeted investment needed to build up the institutional capacity and the technical know-how that are indispensable for a self-reliant organisation. Additionally, it is important to note that the only acceptable cost-reduction methods are those that do not compromise *quality* of and *access* to the services provided by the VBI to the local communities and clients.

Based on the above premises, a cost-containment approach to the delivery of incubator services may entail both cost-cutting

and cost-saving measures. These are explained in Table 6.9.

When working on cost-containment strategies as a way to enhance sustainability, it is important to keep in mind the difference between cost-efficiency and cost-effectiveness, as explained in Box 31.

2. Cost-recovery

This is in itself a measure of sustainability: e.g. ratio of locally-generated resources

to delivery costs. The formula used to calculate cost-recovery is explained in Table 6.10.

The two main methods of cost-recovery are the following:

- i. increasing the amount paid by be users (relevant to the VBI are in particular: business service charges, business taxes, community contributions);
- ii. improving revenue through income-generating activities (e.g. training and consultancy services).

Box 31

Cost-efficiency and cost-effectiveness.

These two concepts are related but different, and pertain to two separate levels of economic evaluation in the analysis of sustainability. When considering cost comparisons, it is in fact necessary to clearly distinguish between the following:

- **Cost-efficiency** is concerned with the cheapest way to accomplish a defined objective.
- **Cost-effectiveness** is concerned with quantity of the output achieved for a given sum of money, but also with the quality of that output.

Therefore, it is possible for a delivery system (e.g. an incubator) to be more cost-efficient than another, but less cost-effective when quality is concerned. In the particular case of service delivery in the public or non-profit sector, where *social* return on investments (SROI) is a priority, the welfare aspect of 'fair distribution' or 'fair access' has to be taken into

account. Cost-effectiveness cannot be related exclusively to the 'technical' quality of the services offered, but also to their access and distribution within the targeted communities. A full evaluation of cost-effectiveness is only possible when:

- a. the actual cost-structure for individual services is defined and analysed
- b. cost-efficiency is appraised
- c. effectiveness from the technical / quality point of view is assessed
- d. equity of access and distribution is verified
- e. the aspects under points c. and d. are compared to resources employed.

In the medium to long term, the economic evaluation of a VBI's effectiveness is one of the crucial steps in the path towards sustainability (if the latter is meant as including the social and developmental aspects of the incubator's mandate). In the short-term, however, the VBIs are usually advised to concentrate on achieving a realistic picture of their cost-efficiency levels, while starting monitoring the aspects of technical competence and developmental focus in view of achieving a good degree of cost-effectiveness. ■

TABLE 6.9 Cost-reduction measures

Cost-cutting	<ul style="list-style-type: none"> Eliminate internal costs where possible, by identifying which expenses and services are not adding value to the core business functions when carried out in-house. This might include eliminating some expenses altogether, or rather outsourcing some services, as well as flexibilising some jobs (carried out as hourly paid rather than by permanent employment).
Cost-saving	<ul style="list-style-type: none"> Decrease costs where possible, e.g. by formalising the control system over the utilisation of transport and communication facilities and extend the control system to use of consumables (stationery, photo-copying, etc.). Rationalise delivery processes in order to minimise wastage – e.g. through enhanced, more streamlined working methods, and capacity building as well as staff 'incentives' (mainly 'motivational') aimed at increased productivity.

TABLE 6.10 Cost-recovery formula

$$\text{COST RECOVERY} = \frac{\text{user fees} + (\text{taxes} + \text{insurance}) + \text{community contributions} + \text{revenue from IGAs}}{\text{salaries} + \text{running costs} + \text{overheads} + \text{in-kind contributions} + \text{depreciation}}$$

i.e.

$$\text{COST RECOVERY} = \frac{\text{LOCALLY-GENERATED INCOME}}{\text{TOTAL COSTS (MAINLY EXTERNALLY-FUNDED)}}$$

The value of cost recovery can be expressed as a ratio (above formula) or as a percentage (above ratio multiplied by 100).

The ratio indicated by the above formula could be increased by making the denominator smaller, e.g. reducing costs, but this strategy is technically not part of cost-recovery as such. It is rather defined as 'cost-reduction' or 'cost-containment' (discussed earlier), although it is often considered as a precondition for cost-recovery on the path to financial and economic sustainability. It is also important to emphasise that cost-recovery in the strict sense of the term is only obtained through locally-generated funds. Therefore, any increase in external funding (e.g. from international donors, through cash or in-kind donations) has no long-term impact on actual sustainability and only represents an additional fund-raising channel.

3. *(Co)-funding through grants from international, regional or national donors*
 - Co-funding from current donor through current INGO partner (for example, second phase of project to focus on developing sustainability potential)
 - Other sources of funding - multi-lateral or bilateral donors, regional organisations, other I/NGOs, governmental funds
 - Partnerships for non-core funding.
4. *Resource mobilisation and fund-raising*
 - Private donations
 - Corporate sponsors (for philanthropic, corporate social responsibility or inclusive business initiatives)
 - Charity events
 - Mobilisation of in-kind contributions (e.g. assets and volunteer technical assistance), mainly at the local level but possibly also in the region and in Europe.
5. *Income generation*
 - Charge training fees and other user fees (consider cross-subsidisation between client groups)
 - Sell VBI services: ToT, ethical consultancy or other services to individuals, groups and other organisations
 - Selling VBI 'products': training materials, publications, etc.
 - Earn 'commission' on marketing of VBI products (e.g. through a marketing

network: show-rooms, kiosks, marketing centre)

- Leasing venue (e.g. equipped training room).

When selecting the most appropriate options, the incubator team takes into account the following two key points:

- a. *Systematic costing and pricing are necessary for a sustainable marketing of VBI services. In this context, sustainability planning will include the following three key tasks with regard to income-generation*
 - Costing of VBI services
 - Pricing of VBI services
 - Tentative projection of VBI break-even point.

The costing and pricing process is outlined in Box 32, while some basic principles for the VBI pricing policy are included in Box 33. The method to conduct a multi-product break-even analysis is explained in Annex IX.
- b. *For the VBI to generate income from the facilitation of marketing for the VBI-enterprises' products, the MEs need to ensure appropriate levels of quality, quantity and timeliness of production so that any marketing network / centre set up through the VBI becomes sustainable.*

Additionally, decisions need to be made with regard to the VBI medium to long-term strategy in relation to:

- Consolidation and specialisation (of the VBI services)
- Diversification
- Expansion

The above aspects can be considered with regard to target area, infra-structure and human resource endowment. The sustainability strategy endeavours to define the VBI's MES (Minimum Efficient Scale) and appraises the potential for economies of scale in the VBI's specific case and context.

- Dissemination of the VBI approach and services
- (Virtual or physical) 'replication' of the VBI *In this regard, the incubator team and partners should avoid wholesale, non-adaptive replications (typical of rigid, blueprinting modelling), as the latter can be counter-productive for sustainability given their considerable up-front investment and intrinsic risk of failure.*

The results of the above analysis can then inform the definition of a 'business plan' for the incubator, should the VBI choose to become an independent self-reliant organisation (e.g. a social enterprise).

II. Economic and financial sustainability of the VBI-supported enterprises

The main tools to enhance the sustainability of the VBI-supported MSEs can be outlined as:

- Integrated and systematic access to VBI services: training, PD&D, business planning and counselling, finance facilitation, promotion, marketing, etc.
- Identification of appropriate type(s) of competition and market niche(s)
- Development and promotion of appropriate products and services
- Use of the VBI as a point of reference for information and networking (e.g. with clients and other entrepreneurs).

The key issues that the VBI team needs to tackle in the short to medium term, in order to enhance MSE performance, are outlined below:

- i. Focus on ensuring enterprise *products'* quality of design and finish.
- ii. Assess production capacity, productivity and reliability of MSEs.
- iii. Define market segmentation and multiple pricing policy (where relevant and strategic).
- iv. Verify margin and profitability. Consider break-even projections.
- v. Identify MES (Minimum Efficient Scale), by focusing on quality and margin, or on volume of sales, revenue and market share.

In order to support the above objectives, the team needs to ensure strategic sequencing and good coordination of BMT, AMT, technical training and PD&D with business planning and counselling, credit management and follow-up. The incubator staff also needs to check and reinforce the 'learning' at VBI and field levels, as well as the systematic gathering and analysis of **data**. The latter refer to both record-keeping at enterprise level, and to MIS (or other forms of data management) at VBI level. ⁶

Procurement- and marketing-related factors are also key to the sustainability of the VBI-supported MSEs. The incubator therefore needs to focus on supporting the enterprises with regard to the following:

- a. Strengthening procurement systems (joint procurement, direct sourcing) to ensure cost-reduction and production capacity.
- b. Intensifying and coordinating the marketing initiatives, e.g. through:
 - Database entries indicating marketing outlets identified, contracts or orders, deadlines or info for samples and deliveries, focal point for each order.
 - One consolidated and complete MEs and outlets contact list, promptly available to the whole team.
 - One consolidated e-catalogue of the VBI products.
 - A regularly updated calendar of marketing events, with focal point and planning of the stock to be displayed.
 - A systematic and accessible record of sales and revenue, as well as a clear indication of pricing policies.

⁶ Lustrati, A. – 5th Technical Assistance Mission Report: Enterprise Analysis, Management Information System, Review of Business Management Training materials, Project "Establishing a Village Business Incubator for women's micro and small enterprises in the Coastal Midlands Area of Syria" - EU, IFAD, AIDOS, FIRDOS. December 2006.

Box 32**Costing & pricing process for VBI services**

In order to proceed with a sound *costing & pricing process* with regard to the VBI services, the incubator team is supported by the external expert in undertaking the following steps:

- i. *Calculate the delivery cost per service per target group, and then per entrepreneur/session (depending on the service) and per expert day.* This is done for example for BMT and AMT, technical training, PD&D assistance, marketing support, business counselling sessions, etc. The calculation takes into account key cost elements, such as the relevant percentages of staff salaries, external expertise, transportation, equipment, running costs and advertising, shared amongst the different services based on their actual utilisation.
- ii. Based on the above costing procedure, *define the VBI's pricing policy based on the incubator's market segmentation.* VBI target markets include:
 - c. individual existing and potential women entrepreneurs living in rural areas;
 - d. mixed enterprises (women and men) or family businesses;
 - e. (development) organizations promoting enterprise development.
 - f. Target groups a) and b) have a lower purchasing power as compared to group c). This can justify the adoption of a double pricing policy, e.g.:
 - One expert/day is charged to groups a) and b) as 1/X of its cost;
 - One expert/day is charged to group c) with a Y% of margin.
 - iii. After having defined an adequate pricing policy, *investigate to which extent the profit from sale of services can contribute to covering VBI costs and calculate the break-even point of the 'incubator as a business'.* As the incubator sells different services, and each of them at differentiated prices, it is useful to perform a 'multi-product break-even analysis'. This type of calculation assumes a relatively stable 'product (service) mix', and helps to determine the number of expert days the VBI needs to sell in order to cover its costs. ⁷ ■

Box 33**Exploring a pricing policy for the VBI: basic principles**

With particular reference to the definition of the VBI's pricing policy, the incubator team takes into account basic principles that can assist in making a strategic choice, as outlined below.

- i. If the plan is to provide VBI services at cost level, then the price will be:

P = break-even cost + contingency margin

- ii. If services are to be subsidised, then the

price will be set where:

P < break-even cost

- iii. If one of the main aims is to generate profit (to enhance sustainability), then the price will be:

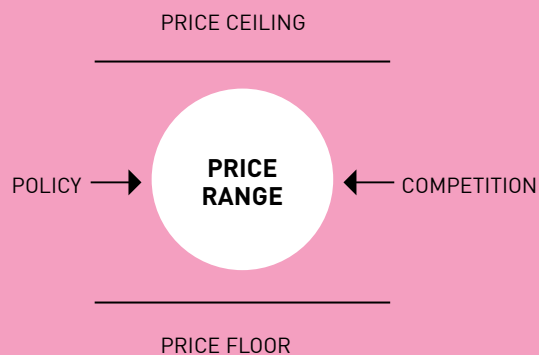
P < break-even cost

In the latter case, the question is "how much higher to set the price"?

The diagram below ⁸ visualises the options that a VBI is presented with. →

⁷ Sommacal, V. - 'Sustainability Planning' Mission Report, Project "Establishing a Village Business Incubator (VBI) for Women's Micro and Small Enterprises in the Coastal Midlands Area of Syria", November 2008.

⁸ Adapted from DFE - "How to generate a surplus - Guide to costing and pricing", London, 2003



- The *Price floor* is the minimum price, or 'cost price', i.e. the lowest price at which all costs will be covered. If this price is set, the services will break-even at the planned number of cases.
- The *Price ceiling* is the maximum price that can be charged while still achieving the required volume of sales. It is determined by the customer demand and prices charged by competitors. Finding the price ceiling is no exact science: it requires knowledge about the incubator clients and about the price-elasticity of their demand for services. To maximise surplus, the price should be set as close to the price ceiling as possible.
- The *Price range* is the area between the two limits, floor and ceiling. Setting the price too close to the price floor may mean a lost opportunity for raising revenue, as customers would actually be prepared to pay more.

Based on the above concepts, available pricing methods can be summarised as follows:

- 'Cost plus'*: a simple method to set a price by adding a set percentage on total cost for a given sales target. The mark-up is added to the total costs for the delivery of the projected number of service-delivery sessions and is then divided by the latter to

obtain the service fee. It is a straightforward method, but if the mark-up is decided arbitrarily and without reference to the price ceiling, it might result in uncompetitive fees and loss of business.

- Competition-based*: price is set in line with the competition; difficult to apply when there are no comparable services, and unrealistic in a market where competition is not only driven by price (but rather by quality, innovation, access).
- Customer demand*: prices are set as close as possible to the ceiling in the attempt to maximise surplus. It might be difficult to ascertain how much customers are prepared to pay. In any case it needs to be complemented by strong differentiation (through advertising, branding, customer care), so to engender trust and quality awareness in the clients.

VBI's are usually advised to apply a reasoned mix of the above three methods, so to adopt the following approach:

- Calculate* what type of *mark-up* is necessary in order to start raising the revenue needed to enhance sustainability prospects.
- Compare* the price obtained *with the competition* and attempt to place VBI prices within the range of public (floor) and private (ceiling) sectors, while also comparing with similar services in the non-profit/development sector.
- Carry out market research* to assess the possible price levels that ordinary clients might be prepared to pay, and the potential volume of sales.
- Design a marketing and promotion strategy* creating awareness on VBI service quality and VBI policy of cross-subsidisation (of affordable/free services for the less privileged by means of cost-recovery and income-generation). ■

6.4.2 Organisational and managerial sustainability

The objective of organisational and managerial sustainability of a VBI is identified as "developing and maintaining an efficient, effective, flexible, responsive and participatory internal organisation and management system".

The analysis of the managerial and organisational dimensions of the sustainability strategy for a VBI relates to the *internal* aspects of organisational structure, management model and style, co-ordination, co-operation and working modalities. In short, this aspect of sustainability concerns the *functioning* of an incubator as opposed to its *identity* in the institutional environment and its

external relations (networking, partnership) with other institutions/organisations.

Most of the issues discussed under this dimension of sustainability also have economic and financial implications. The focus of the analysis tends to rest in particular on: financial, administrative and information management systems; monitoring and evaluation mechanisms; human resource management, appraisal cycles and related motivational and productivity issues; in general, all forms of rationalisation that might lead to cost-cutting and higher efficiency or effectiveness.

The VBI team reviews the incubator's organisational model with a view to its potential sustainability as an efficient and effective organisation. It also assesses whether the way it functions adequately reflects the social purpose and participatory approach towards its human resources and target groups. The VBI considers in this light its management practices as well as its planning, implementation and monitoring mechanisms. Team sessions supported by an external expert can be useful to explore different modalities of intra-organisational relationships (*coordination, communication, cooperation*) that are conducive to sustainability, and to elicit honest comments and an open attitude of self-appraisal by the VBI team members about the work ethos and group dynamics within the VBI as a project and prospective institution.

A concept map of the incubator team's discussion on organisational and managerial sustainability is included in Annex VII.

The analysis - typically supported by an external specialist - is based on participant observation of VBI work and direct interaction with staff at all levels (with no implication for appraisal of staff performance, in order to adopt a non-personalised approach). The ensuing recommendations are tailored to the specific incubator, however they are also based on principles of management and organisational development generally suited to this type of organisation: service-based, with a social mission and aiming to become self-reliant. The analysis

endeavours to be objective and to focus on how a certain 'system' and its 'mechanisms' (rather than how individuals and their sets of values/attitudes) could lead to more efficient, effective and sustainable management of a small but relatively complex organisation.

The first step in the process of analysing this dimension of sustainability is to identify and assess strengths and weaknesses of the current organisational and management model:

- *Structure* (hierarchical levels and horizontal links between individuals/teams)
- *Functions and roles* (at individual and team level)
- *Decision-making and supervisory processes* (top-down flows)
- *Reporting lines* (bottom-up flows)
- *Consensus building and planning mechanisms* (circular or network flows).

Following this exercise, and if relevant to the specific needs of the incubator, a revised organisational chart (structure-related) and the framework for a flow diagram (process-related) can be developed to illustrate the vision of a more sustainable organisation.

Having analysed the status of the VBI from the organisational and managerial point of view, possible changes are proposed to achieve sustainability by improving productivity, efficiency and effectiveness, which essentially support some aspects of economic and financial sustainability. Key changes may be recommended in terms of *organisational development and alternative management practices*, along the following lines:

- a. Ensuring an appropriately participatory and transparent style of coordination and management across the team and - where relevant - in the relationship with the local NGO partner.
- b. From the technical and human resource development points of view, promoting staff empowerment to engender commitment and motivation, collective responsibility and creativity regarding sustainability solutions.
- c. Promoting streamlined, agile work

- processes - e.g. clear intermediate reporting lines and consulting mechanisms - in order to avoid 'bottleneck effects'.
- d. Adopting a balanced management style that instils the appropriate level of discipline, timeliness and order through promoting a sense of common purpose and joint responsibility.
 - e. Linked to the above, clarifying and mainstreaming across the incubator team (and NGO partner as relevant) the lines and objectives of *forward accountability* (towards the communities and incubator clients) and *upward accountability* (towards I/NGO partners, donors and other sponsors).
 - f. From the horizontal/network point of view, enhancing mechanisms for internal consultation, knowledge sharing and joint planning.

On the particular aspects of human resource management (HRM) and development (HRD), and depending on the size and structure of the incubator team, the following interventions are also recommended to support sustainability:

- *Rational utilisation of in-house skills:* the incubator is advised to carry out an in-depth review of staff skills functional to the incubator's mandate; assess the match of job descriptions to skill endowment and functions performed in practice; allocate tasks for the implementation of the sustainability strategy based on such 'skill inventory'.
- *Reduced staff turnover:* as a service-delivery organisation, a VBI's main asset is its qualified, trained, inducted and experienced staff; considerable investment in technical assistance and capacity building is made by the project(s) that establish and support the VBI. It is thus crucial that personnel turnover is contained to a minimum level, by: adopting a flexible and participatory management style; creating an appealing working atmosphere; to the extent possible, offering opportunities of career advancement (e.g. within the local NGO

partner) and professional development; setting up a system of incentives and rewards or non-financial inducements like training courses, seminars and exposure to media events, etc.

- *Improved productivity through staff support and motivation measures:* utilise a sound M&E system to gauge project/incubator results; set up a fair and objective appraisal system, with corresponding rewards and incentives schemes; if needed, formalise a neutral 'complaint procedure' and nominate a person with a counselling and mentorship function; improve staff morale through flexible working time arrangements and opportunities for socialisation and sharing of experiences; offer opportunities of professional and personal development (training/capacity building, upward mobility).
- *Enhance efficiency / build capacity through improved communication and documentation:* set up mechanisms for systematic and in-depth information sharing; nominate focal points for received technical assistance and organise internal on-the-job training for transfer and internalisation of useful skills and know-how; if relevant, improve management and access of the VBI's library; encourage the use of the available library resources and of other information sources, including relevant online documentation; organise exposure visits and focus groups related to technical and managerial issues relevant to the VBI's work.

6.4.3 Institutional sustainability

The objectives of institutional sustainability of a VBI are identified as "defining and achieving the most suitable and effective institutional format" and "enhancing the status, credibility and synergy of the VBI in relation to the beneficiary community, country-level institutions and international stakeholders."

'Institutional sustainability' refers to the capacity

of an institution to project a clear image of its mandate, features and capacity, and to initiate and sustain mutually beneficial relationships with the different stakeholders of a project/programme/sector at all institutional levels (from the local community to private sector, government and international organisations, as relevant).

Based on the above premises, the incubator team needs to explore the institutionalisation options for the VBI, with a focus on possible synergies, cooperation and networking with governmental, non-governmental and private sector stakeholders.

Potential short-term and medium- to long-term scenarios are outlined below:

- a. Short term: end of on-going project, possibility of a second phase of external funding *or* exit strategy.
- b. Medium to long term: following additional external support, transformation of the incubator into a permanent 'branch' or department of local NGO partner *or* into an independent, self-reliant organisation.
- c. If formally independent: NGO legal format; *or* profit-oriented, commercial entity; *or* social enterprise (with double or triple bottom line).

Considering the above scenarios entails a discussion and comparison of the VBI as a project vs. VBI as a partnership or VBI as an institution (formal or informal). Forms of institutional linkages and inter-organisational relationships (*coordination, cooperation, competition*) can include: partnership agreements or MoUs; non-formalised liaison and collaboration; contracts for co-funding (donor funds) or for commercial purposes (as a service delivery organisation).

A concept map of the incubator team's discussion on institutional sustainability is included in Annex VIII.

Sustainability analysis and planning processes explore the institutional identity of a VBI as well as the institutional context in which it works, in order to:

- clarify the status of the VBI as a self-

reliant 'unit' of a larger body (e.g. the local NGO partner) or as an independent organisation;

- understand how the above affects the incubator's external relations with the community and other organisations at national and local levels;
- identify the typology of existing/potential partners and other actors in the field of women entrepreneurship development;
- assess the state-of-the-art in the number and quality of institutional relations established by the VBI at various levels and with different objectives;
- propose means and methods to define/improve the incubator's co-operation and networking strategy, based on those options of collaboration and synergy that can potentially enhance the VBI's sustainability.

The VBI as an independent organisation

The vision of a VBI as a prospective sustainable organisation is influenced by which institutional (and legal) format might be adopted by the incubator to become independent and self-standing. This is an option that needs to be explored by the incubator's 'founding' organisations (i.e. international and local NGOs, namely AIDOS and its local partners, that have designed and established the VBI), its donors and other key local stakeholders (e.g. relevant government agencies).

VBI's operate as service-delivery mechanisms with social aims (promoting women's economic empowerment through MSE development). However, the need to raise income for self-sufficiency calls for the commercialisation of some services. The incubator can therefore gradually migrate towards the status of 'social enterprise' or 'not-for-profit company'. This can take different legal formats depending on the country context, but it is essentially a service-delivery 'charity' run as a business, whose revenue is systematically reinvested in the performance of its core activities (provision of business development services with a focus on women-led enterprises). If a VBI chooses the above organisational and legal format, its

evolution would go through a 'change management process' and proceed through one intermediate and one conclusive stage as follows:

- a. Setting up of a *Steering Committee* that includes members with the key technical, managerial and strategic know-how relevant to the work of the incubator, co-opted among the representatives of the local community, the organised civil society, governmental and research institutions, national and international project stakeholders. This committee provides strategic guidance to the VBI management, assists in the implementation of the sustainability strategy and supports the promotion of the VBI's work in-country as well as and assisting in raising funds and sourcing expertise.
- b. Registration of the VBI as an independent organisation (as a charity, or as a non-profit / social enterprise) and setting up of a *Board of Directors*. Some of its members can migrate from the Steering Committee (either with advisory or directing roles); international donors and executing agencies only retain observer status in order to enhance local ownership.

In this scenario, the Steering Committee fulfils a crucial role in the preparation of a significant transformation: formal independence and devolution of strategic decision-making to a Board of Directors. This process is supported by: market assessment, financial analysis and compilation of a fully-fledged *Business Plan* for the VBI, acting as a strategic framework for the development of the incubator, as well as a tool for the access to financial backing in a commercial environment (the incubator could envisage the involvement of private investors, depending on country context and economic sectors in which the client women-led enterprises are active).

The stakeholders can also consider the establishment of a registered Trust (with a governing Board of Trustees) as a body corporate in charge of overseeing the VBI and establishing and managing a Trust Fund for the support of the incubator's enterprise development activities by national and international sponsors.

An example of incubator new organisational chart, as defined by the partners and stakeholders with the support of an external expert, is included in Annex X, together with the relevant job descriptions.

VBI's networking and partnerships strategy

Besides defining and implementing its institutional and legal status (as exemplified in the previous section), a VBI also needs to select the most appropriate framework for institutional relations, in consultation with its stakeholders. During project implementation, a VBI is typically already in a position to entertain institutional relations with a wide array of organisations and social groups.

During sustainability planning, the external expert supports the VBI team in reviewing and improving their 'stakeholder analysis'⁹, and helps them to visualise the incubator's position within an 'institutional map'. This is done in order to explore linkages with other entities which can be conducive to sustainability. The process typically reviews the relationships of the VBI with the following key actors so to identify strengths, gaps and opportunities:

- The local NGO partner (implementing partner of AIDOS)
- The international NGO, i.e. the project's executing agency (AIDOS)
- Target communities and local CBOs
- Country-based peer I/NGOs, development organisations, BDS providers and research institutes working on women's entrepreneurship
- MFIs and other financial institutions supporting MSEs
- Local and national government agencies
- Relevant partners in the private sector (input suppliers, traders, sponsors, investors, etc.)
- International organisations active in relevant areas, e.g. women's economic empowerment, MSE development, access to finance, trade promotion.

⁹ Refer as a starting point to the stakeholder engagement strategy outlined in Chapter 5.

Based on the above analysis, the VBI team defines an enhanced *networking and partnership strategy*, whereby the incubator clearly defines current and new elements with regard to:

- a. Its institutional status (and relevant evolution).
- b. The organisations to closely co-operate with; and those to liaise with for networking and co-ordination.
- c. The sector - public, private, non-profit - to which VBI partner institutions belong (and how this affects the partnership agenda).
- d. The level at which the VBI should focus its action (local to national level; service delivery to policy advocacy).
- e. Ways for the VBI to improve its approach to the following key priorities of institutional sustainability:
 - presenting its institutional identity;
 - communicating its mandate and specificity;
 - actively promoting its services for various audiences, according to a well-defined marketing strategy;
 - entertaining clear, fluid and mutually beneficial relationships with various partner institutions;
 - developing and sustaining a positive and effective institutional status for the benefit of its target community.
- f. The enhancement of the VBI's corporate image.
- g. The intensification or improvement of promotion and publicity at various levels, enabling a more broad-based and better targeted marketing of VBI services and the shift from price-based competition to competition based on quality and innovation (through more effective differentiation and branding).

6.4.4 Technical and methodological sustainability

The objective of technical and methodological sustainability of a VBI is identified as “strengthening the relevance and appeal of the VBI through the delivery of services in the needed quantity and variety, at an adequate technical

level and with the appropriate methodology”. Achieving this goal consolidates the VBI's role as local leader in women's enterprise development and enhances its relevance and ‘marketability’ (e.g. as a social enterprise).

This dimension can be analysed by the incubator team from the point of view of lessons learnt and application of best practices by the incubator as a whole, insofar as they impact on the project's sustainability - with a focus on specialist functions, e.g. integrated business development services and innovation through product development.

At the level of individual capacity, the VBI team members can also be invited to express in writing their perceived priorities for skill enhancement and professional development. While it is imperative to nurture those staff competences that are directly relevant to a sustainable technical performance of the VBI, the modalities for doing this depend on the trade-off between strategic investment and staff appraisal and staff turnover in the current and future phases of the incubator project.

Below is an outline of the key issues emerging from sustainability planning exercises carried out by the VBI teams with the support of external experts.

The prospects of a VBIs' technical and methodological sustainability initially rely on:

- *the range and quality of available know-how and facilities* – (i.e.: what is not available from other similar organisations)
- the way the VBI *adds value* to local communities' development by means of its ‘*specificity*’ (i.e.: which services and products are specific to the VBI).

When compared to the average type of services offered by other business support organisations, the key features that afford VBIs a certain degree of ‘*comparative advantage*’ usually include:

- integrated approach to BDS delivery
- focus on women-led enterprises that may include support from male household members
- emphasis on value addition, product development and innovation (where applicable).

- outreach (e.g. field visits) and tailor-made approach (e.g. through business counselling).

For a service-based organisation like the VBI, the human resources - with their qualifications, know-how, experience and institutional memory - represent its cornerstone, main 'factor of production' and source of competitiveness. Human resources can very effectively support sustainability - if properly motivated, stimulated, engaged in the appropriate roles and at the correct level of decision-making. Participation, inclusiveness and continuous consultation - aimed at a rational utilisation of all available in-house resources and skills - are key factors of technical and methodological sustainability.

VBI's tend to be knowledge-based service-delivery organisations and thus should mostly compete by innovation/quality rather than just price (fees) - where relevant. The quality and continuous upgrade of their human resources' technical and organisational skills are thus key elements of sustainability and require investment, mainly through *self-assessment*, *capacity building*, *technical assistance* and *strategic HR policies*. These interventions can contribute to making an incubator into a more competent, effective and sustainable structure, i.e. by becoming a 'thinking and learning' organisation.

Another key issue is the 'quantity' vs. 'quality' trade-off. There can be tension between the economic objectives of an incubator's expansion and the time and resources invested in the delivery of services. The team might be rightly preoccupied with outreach 'numbers' and other quantitative targets, while the quality and effectiveness of support might be suffering. For example, in a typically labour-intensive activity such as business counselling, appropriate time and establishing a rapport are crucial to the success of the activity, which otherwise loses sense and credibility. On the other hand, strategies for efficiency and coordination (on the organisational and management levels) or otherwise adoption of innovative solutions (on the technical level) may help in reaching the right

balance between quantity and quality. Mind-mapping carried out during the sustainability planning missions clearly pointed out the links between technical-methodological sustainability and capacity building, in its various forms. *Capacity building priorities* may typically include:

- re-qualification or upgrade in technical areas;
- strengthening skills on methodologies (e.g. participatory techniques in training);
- upgrading ICT and desktop-publishing skills;
- language training (e.g. English);
- communication and promotion skills;
- being up-to-date on latest developments in women entrepreneurship (through documentation, exposure and exchange of information or advice amongst colleagues);
- ensuring an appropriate 'division of labour' through enhancing and valorising specific skills.

As a general rule for sustainability, any form of training, skill transfer and on-the-job learning does carry a cost (in monetary, time/labour or transaction terms). One of the most effective ways to increase the chances of sustainability is therefore to *limit staff turnover*: this is crucial in order to optimise technical know-how and expertise accumulated and ensure VBI's work continuity (a precondition for quality) whilst preserving institutional memory. Whenever a considerable level of investment in training or induction is foreseen for a specific post, the VBI can consider the inclusion of a 'retention clause' that commits the employee/s to remain in the job for a minimum specified period of time (from contract signature) or alternatively to cost-share part of the training in case of resignation before an agreed cut-off date.¹⁰

The *technical assistance* that the VBIs received from the international NGO (AIDOS) represents a core element of their technical and methodological sustainability. A way to make 'technical assistance

¹⁰ Any such clause needs to be compliant with the employment laws of the relevant country.

'spot' interventions' as sustainable as possible is for experts to ensure adequate follow-up and reinforcing measures to their missions, through:

- a. systematic engagement with all relevant staff during the mission and identification of key people suitable and willing to disseminate/reinforce new skills and information in VBI's daily work;
- b. including where possible a Training of Trainers (ToT) component to induce multiplier effect in terms of organisational learning;
- c. detailed and user-friendly reports, written recommendations, (substantial, tailored inputs for) manuals/handbooks, and other learning/teaching materials related to skill-transfer carried out during missions;
- d. remote online follow-up targeted directly at the technical staff level, and monitored by the I/NGO partners for co-ordination purposes.

It is appropriate to emphasise the importance of *documentation* also in relation to technical and methodological sustainability for VBIs, also in connection with potential income-generation from documenting, analysing and publishing case-studies and technical papers from the incubators' field experience.

Best practices and lessons learnt from similar organisations and/or in comparable incubation contexts are accessible through Internet, libraries and documentation centres of universities and development agencies, but they also need to be highlighted by the external experts' when sharing their professional knowledge and international experience with VBI personnel. Internalising and utilising such information should enhance efficiency and effectiveness, as well as reducing the risk of replicating mistakes.

Last but not least, an acceptable level of technical and methodological competence cannot be reached and maintained without suitable *monitoring of processes and evaluation of outcomes*. Sustainability planning therefore includes recommendations for potential improvements to M&E procedures and approaches. One example is that the definition

of criteria for internal (self-) evaluation should be made explicit and clarified, e.g. through the adoption of an appropriate 'performance appraisal cycle'.

6.4.5 Socio-cultural sustainability

The objective of socio-cultural sustainability of a VBI is identified as "maintaining a balanced and co-operative relationship with the beneficiary community, by facilitating positive social change in the respect of cultural values and local priorities."

Two key issues that might emerge under this dimension are:

- The persistent risk-aversion and resilience to the concept of entrepreneurship, in some selected cases of targeting in the project area.
- Intra-household dynamics and involvement of male community members in VBI activities and VBI-supported enterprises.

These complex aspects deserve dedicated sessions and the appropriate investment of time and resources. No definitive conclusions can be drawn from the point of view of socio-cultural sustainability as this is very context-sensitive. However, the VBIs' experience highlighted that:

- Any process of socio-cultural (and economic) change facilitated by a development intervention (e.g. the VBI activities in the target area) needs time and careful consideration of the base-line situation. A part of this process is for example represented by the participatory approach of the VBI. A useful tool in this regard is the '*household/enterprise analysis*' method, which enables the targeted entrepreneurs to design and develop their own business strategies in line with their own preferences and as compatible with their household priorities.
- For the sake of socio-cultural sustainability, but also in relation to the other dimensions of the VBI's development work, appropriate strategies, criteria and methods are defined and agreed

by the project stakeholders in order to accommodate a sustainable and fair inclusion of the male members of the local community into selected aspects of the VBI's activities. This process can be supported, if relevant, by the technical assistance of a professional psychologist expert in gender-sensitive group dynamics.

6.4.6 Developmental and policy-related sustainability

The objective of developmental and policy-related sustainability of a VBI is identified as "supporting continuous gender-sensitive development through enterprise promotion, thereby becoming a 'centre of excellence' that contributes towards the definition and implementation of innovative policies and strategies for the country's socio-economic advancement."

The following issues typically emerge from discussions about this sustainability dimension:

- a. The definition and measurement of the VBI's socio-economic development objectives, outputs and outcomes (including here again the importance of data analysis and M&E).
- b. The meaning of 'viable' and 'sustainable' business and how this can – at the MSE level – contribute to gender-sensitive development and cross-household enhancements of livelihoods and well-being.
- c. Ways and means of promoting participatory and inclusive development activities geared towards the above objectives.
- d. Various scenarios of expansion or intensification of VBI activities in the current target area and beyond. In this regard, it is important to avoid non-informed and potentially unsustainable 'blueprint' replication or scaling up of the VBI 'model'. It is essential to start from evaluating the VBI's development impact and lessons learnt, which can then be utilised within a gradual and cautious 'learning process' approach to modelling.
- e. In connection to the above, the VBI

sustainability strategy considers possibilities and modalities for the VBI to become a 'centre of excellence' in sustainable enterprise promotion, so that best practices, lessons learnt and tested tools or methodologies can contribute to inform sectoral policies and regional programmes through bottom-up approaches.

6.5 Resources and data for the sustainability study

Once a common *framework of sustainability analysis* is agreed upon, it should be seen as the first step towards the definition of a fully articulated VBI *sustainability strategy*. One of the most important components of the above process is the *gathering and analysis of data* (both qualitative and quantitative ones). The latter is instrumental to the assessment of the VBI impact and sustainability potential – both at incubator and enterprise level. Such assessment provides the building blocks for a sound and realistic sustainability strategy, as long as reliable and comprehensive data allow for the necessary evaluations and projections.¹¹

In this regard, it is useful to consider the *sample ToR for the design of a VBI sustainability study* (see Box 34), where the importance of gathering information and data emerges as paramount in the process.

For selected aspects of the Project, specific data are usually already available at the VBI or can be extracted from progress and financial reports, or from business plans and enterprise analysis records. On the other hand, as the bottom-line of VBI sustainability is the incubator's capacity to support and nurture viable enterprises, much attention needs to be devoted to creating agile

11 Lustrati, A. – 7th Technical Assistance Mission Report: Sustainability Pre-Assessment, Project "Establishing a Village Business Incubator for women's micro and small enterprises in the Coastal Midlands Area of Syria" - EU, IFAD, AIDOS, FIRDOS. May 2008.

Box 34**Terms of Reference for a VBI sustainability study**

The Expert carries out a review, analysis and assessment of the project's sustainability dimensions [as described in the sustainability framework in this publication], with the objective of issuing final recommendations geared towards the achievement of multi-dimensional sustainability. Most part of this process will be carried out at the Project's location by utilising the appropriate combination of the following tools/tasks:

- a. Review of reports, financial data and other project information, at the incubator and enterprise level;
- b. Interviews with Project/VBI staff (technical, management, admin, support);
- c. Interviews with beneficiaries (direct and indirect), and with a control group of people residing in the area but not accessing the VBI services;

- d. One-to-one or group meetings with the local implementing partner and Project team as required;
- e. Focus groups with the VBI personnel on the themes of sustainability, identification of lessons learnt and best practices;
- f. Participant observation of seminars, workshops and other group sessions;
- g. Meetings with project stakeholders, e.g. line ministries, local government, other agencies/organisations in a similar/complementary sector of activity;
- h. Collaboration with the administrative and management staff of VBI and local implementing partner for the economic-financial sustainability aspect (including budget review, cost analysis, initial elements of business planning at incubator level – if relevant).

The above activities are carried out with the aim of gathering relevant information to analyse and assess the current implementation status of the Project and propose a strategy for project and incubator sustainability in relation to its various dimensions. ■

and coordinated systems that record:

- i. The socio-economic characteristics and development needs of the entrepreneurs
- ii. The key data from business plans and household/enterprise strategies/reviews
- iii. The key data on enterprise performance: procurement, production, distribution, sales, revenue, profit & loss, break-even (projection), etc.
- iv. The type and amount of VBI services delivered to the enterprise: BMT/AMT, technical training, PD&D, marketing, business counselling, follow-up visits
- v. The entrepreneurs' credit history (if applicable)
- vi. Other relevant data on promotion, marketing, innovation, business networking.

The above check-list can be used as a reference point to develop a VBI 'data record, analysis and sharing system' in a way that is most appropriate to:

- An effective functioning of the incubator and

the supported MEs

- The provision of a sound basis for the sustainability strategy's design.

Therefore, as a minimum requirement, the following sources of information are systematically used (and where relevant, improved) in order to enhance VBI performance and to prepare for the definition of a VBI strategy:

- MIS
- VBI project reports
- VBI financial data
- TA reports
- Business plans
- Enterprise strategy reviews
- Other relevant information from enterprises
- Internal VBI data on incubator services (training, PD&D, marketing, counselling, credit)
- Institutional sources (in particular for contextual data on target area and destination markets).

6.6 Examples of VBIs' sustainability strategies: Syria, Jordan, Nepal, Tanzania

6.6.1 Promoting the sustainability of the VBI in Syria ^{12, 13}

Approach and process - The concept of incubator sustainability was analysed through a four-step participatory process that involved the contribution of international consultants and the VBI team. This was done in consultation with the implementing organizations (Syria Trust for Development and AIDOS), the VBI-supported entrepreneurs, the donors and all relevant stakeholders at community and institutional levels. The process included the following steps:

- a. *Sustainability induction* - This was carried out during the third year of the VBI Project's first phase. The sustainability induction built the VBI Staff capacity with regard to analytical and methodological tools that enabled them to substantially contribute to the sustainability analysis. The VBI team became conversant with the various aspects of sustainability (meant as a holistic concept) and understood the challenges and opportunities around each of its components.
- b. *Sustainability pre-assessment* - This phase focused on the collection and analysis of data on the economic performance of each supported enterprise and on the service-delivery performance of the incubator, with the aim to gauge their respective potential for sustainability. A detailed matrix including specific indicators of achievement was produced and compiled for the purpose. This analytical tool was also essential in the strengthening of the

VBI's MIS structure and functionality.

- c. *Sustainability planning* - This was performed at the end of the VBI Project's first phase. It was aimed at analysing the above-mentioned data in order to verify the Project's impact on the target community in terms of economic well-being and livelihoods. Amongst other indicators, the analysis allowed to determine the enterprises' contribution to household income growth following the VBI intervention. It also highlighted costs and income-generation needs of continuous BDS delivery. Drawing from consultations with Project stakeholders at various levels, three sustainability options were outlined as appropriate to the VBI as a business promotion facility and to the VBI-supported enterprises. Each option was supported by an action plan for the short, medium and long terms.
- d. *Sustainability monitoring and follow-up* - This was carried out towards the end of the Project's second phase. It considered the effectiveness and implementation status of the sustainability option selected by the local organization and provided relevant recommendations.

Strategy

Incubator - The sustainability strategy of the VBI as a business promotion facility focuses on the valorisation of the human resources trained through the Project. The incubator team actively contributed to scaling up the implementing agency's enterprise development program. Building on the VBI experience, they joined the Syria Development Trust's regional office and worked to design, replicate and execute initiatives inspired by the VBI approach and adapted to the needs of different communities in the area.

VBI-supported enterprises - A group of VBI-supported entrepreneurs established a local businesswomen association, committed to sustain the VBI mandate on entrepreneurship advocacy and training of other potential entrepreneurs. This process also involved the support of local young professionals on business management training. The business association

12 Lustrati, A. - 6th Technical Assistance Mission - Sustainability Framework Report, Project "Establishing a Village Business Incubator (VBI) for Women's Micro and Small Enterprises in the Coastal Midlands Area of Syria", 2007.

13 Sommacal, V. - 'Sustainability Planning' Mission Report, Project "Establishing a Village Business Incubator (VBI) for Women's Micro and Small Enterprises in the Coastal Midlands Area of Syria", 2008.

currently operates on a voluntary basis and it cooperates with the Trust's regional office. In addition to hosting the association's activities, the VBI office premises now function as a self-managed community development centre.

6.6.2 Promoting the sustainability of the WBDI in Jordan ¹⁴

Approach and process - The sustainability potential of the WBDI was explored during two dedicated technical assistance missions. Initially, the sustainability prospects of the WBDI were analysed based on the results obtained by the Project and its supported businesses, as well as other key elements such as the local demand for BDS. The WBDI team was introduced to the concept of sustainability through interactive in-house and field-based training and mentoring sessions, which enabled the incubator to assess enterprise and incubator-level performance and potential. This process also provided an opportunity to address specific technical issues that are critical to the WBDI's effectiveness and sustainability as a business development facility. Building on the information previously gathered and analysed, the second mission was dedicated to the identification of the WBDI sustainability strategy through a one-week intensive workshop involving representatives of the implementing agencies and the WBDI team.

Strategy - The sustainability strategy of the WBDI focuses on the assimilation of key WBDI team members in the structure of the local implementing organization (NHF) to form a permanent dedicated and self-sustainable 'unit of excellence', highly specialized in the field of female entrepreneurship promotion. Drawing from the know-how emerged from the WBDI Project experience, this new unit would design innovative solutions for the promotion of potential and existing women entrepreneurs, their communities and relevant development organizations across Jordan. This would lead to

adaptive replication of the WBDI model, with the aim to produce tangible and sustainable business development results in a flexible and dynamic manner. With a base at the headquarters of the local organization, the unit would operate flexibly across Jordan. As a precondition to the implementation of the above strategy, the WBDI first concentrated on consolidating the success of the WBDI-supported businesses, also to ensure that selected entrepreneurs sustain the incubator's business promotion activities in the target area.

6.6.3 Promoting the sustainability of the BSC in Nepal ¹⁵

Approach and process - The sustainability potential of the BSC was analysed in the context of a technical assistance mission carried out towards the end of Project implementation. With a view to involve the BSC team and the local implementing agency (FBPW) in the process of sustainability strategy design, dedicated briefings and training sessions were held to introduce them to the concept of sustainability and the relevant analytical approach. Taking the same 'two-tiered approach' as in the previous case of the Syrian VBI, the sustainability assessment considered the sustainability prospects of the incubator and of the BSC-supported enterprises. Field visits were carried out to interact with the women-led businesses operating in different sectors and get an insight into their current performance and future prospects. A thorough review of the enterprises' data was performed to obtain information regarding the BSC's impact on the target group. Reviewed indicators included enterprise profit growth and its contribution to household income. The interaction with local authorities, NGOs and other international organisations committed to women entrepreneurship development provided useful insights into the BSC potential as a development stakeholder at regional and national level.

¹⁴ Sommacal, V. - 'Sustainability study of the Women Business Development Incubator (WBDI) of Jordan', 2012.

¹⁵ Sommacal, V. - 'Feasibility study on BSC sustainability', Project: "Establishment of a Business Service Centre (Bsc) for women's micro and small enterprises in Nepal", 2011.

Strategy - The proposed sustainability strategy highlights the opportunity for the BSC to become an independent self-sustainable 'social enterprise' with a double bottom line, focused on small business consulting (income-generation goal) and committed to the promotion of entrepreneurship among Nepali women (social goal). The social enterprise would have its own legal personality and an independent governance structure. In addition to supporting current clients, the BSC would deliver services, on a pay-per-use basis, to potential and existing entrepreneurs as well as to local and international organisations involved in the sector. Representatives of the local implementing agency and selected independent professionals would form a 'strategic guidance board' to provide advice on key issues related to incubator management and sustainability. The BSC would also liaise with selected business mentors who would be consulted and involved on an *ad hoc* basis. Responsibilities and roles would be re-organised within the BSC team to ensure the effectiveness of the new organisational model.

6.6.4 Promoting the sustainability of the TVBI in Tanzania ¹⁶

Approach and process - The sustainability of the TVBI was analysed during the last year of project implementation through a technical assistance mission that focused on assessing project results and enterprise performance, thereby outlining relevant potential, opportunities and challenges. The analysis was performed in consultation with the TVBI team and clients, and it involved institutional, technical and funding stakeholders.

Strategy - The strategy, designed in full cooperation with the TVBI team, foresees – amongst other elements – the streamlining of the incubator project in terms of target group and scope of activity. It also envisages the adaptation

of its implementation model, which would need to be accurately and effectively managed and followed up by the local implementing organisation (TGT). In order to continue pursuing tangible and feasible results, the TVBI would target entrepreneurs with strong potential and motivation and would provide them with tailored training and business counselling services. It is expected that those supported entrepreneurs who run well-managed profitable businesses will form a local entity committed to offer technical training and networking services. These would be aimed at potential and existing women-led businesses at grassroots level and would be delivered on a pay-per-use basis. In the long run, the local business association would also offer managerial training and other integrated services of the TVBI package, depending on local demand. The TVBI team will assist the setting up of this entity, providing technical, methodological and organisational advice, so to accompany it in its transformation into an embedded and effective local women-based business promotion facility. In the long term, the TVBI would be handed over to the local businesswomen association, which would be solely responsible for its management. Once the sustainability of the new women-based local entity is ensured, TGT can adapt and replicate the model in other development contexts. On a fee basis, it can also provide relevant consulting services to other development organisations. As a precondition to the implementation of this sustainability strategy, a second phase of the externally-funded Project was designed to focus on consolidating the required results and capacities at the incubator and enterprise levels.

¹⁶ Sommacal, V. - 'A sustainable strategy for Phase II of MKUBWA, the Virtual Business Incubator for women's small micro and small enterprises of the Tanzania Gatsby Trust', 2012.



ANNEX I
Factsheets for
the incubator projects

Business Service Centre (BSC), Gaza Strip (1995-2002)	
Partnership, time-frame and budget	
From 1995 through 2002, the Italian Association for Women in Development (AIDOS) implemented an innovative pilot project to promote women's enterprises in Gaza, in partnership with the Palestinian Agricultural Relief Committees (PARC).	This project established and developed a Business Service Centre (BSC), the first of its kind in Palestine. IFAD funded the two-phase project with a total of US\$ 1,563,000.
Needs assessment	
The Project addressed the weakness of advisory support and management training services, the scarcity of local professionals with practical experience and the insufficient institutional support to women enterprise development.	The Project also tackled women's poor access to the formal financial sector and the consequent limited amount of credit disbursed to women. This bottleneck was mainly due to high transaction costs, collateral requirements, difficult application procedures and gender discrimination.
Project objectives	
The Project's first phase (1995-1998) aimed at establishing 12 cooperative enterprises with an average of 20 women workers each (240 beneficiaries), and at supporting 100 women already involved in business (through informal women groups and at individual level).	The Project built the capacity of the management team of the incubator through trainings and exposure visits. The Project's second phase addressed a total of 540 potential entrepreneurs. Credit was extended to 240 women potential entrepreneurs who had participated in the training courses offered by the BSC.
Business incubation and development approach	
The Project adapted the traditional 'business incubator model' to the Palestinian context and focused on start-ups in the rural economy (especially agriculture-related), as industry and trade were not yet developed in the target area. The Project included two sub-components: (1) the creation of a Business Services Centre (BSC) for women entrepreneurs, to provide technical assistance and training services to women who demonstrated the appropriate motivation and attitude to undertake business activities; and (2) the provision of credit specifically for the creation or strengthening of women-led micro- and small-scale enterprises. <u>Target group</u> : the Project mostly addressed poor women living in isolated rural areas of the Gaza Strip. Special focus was placed on women heads of household and on those belonging to low income and/or landless households, aged	between 20 and 50, who had basic education and were strongly motivated to learn about entrepreneurship and to improve their situation. The Project also involved women refugees. <u>Business sectors</u> : the BSC focused on agriculture, livestock rearing, handicrafts and food processing, as these sectors involved the majority of poor people, particularly women, and represented the backbone of the local economy. <u>Business development services</u> : the BSC provided women with an integrated package of basic and advanced BDS, including: information, orientation, managerial and technical training, financial services, follow-up, marketing assistance, business networking and access to credit. The latter component accounted for US\$ 700,383.

Key results	
<p>The Project achieved the following results: 1,250 women were reached by the training programme; 555 women participated in the orientation sessions; 470 women attended the basic training courses on the creation and management of micro and small business and 360 took part in specialised training courses on their chosen sector of activity. More than 110 women received business advice and were referred to other local training and credit organisations when relevant. A total of 323 women entrepreneurs accessed loans and started their own enterprises. The new businesses were equally distributed in the three areas (North, Middle and South) of the Gaza Strip, often in very isolated villages. The BSC contributed to improving the socio-economic situation of the rural women who benefited from its services.</p>	<p>The average monthly income of the entrepreneurs' households increased, thereby improving family nutrition and the payment of debts and fees (e.g. electricity and water). The project strengthened the technical and managerial skills of the entrepreneurs and equipped them with the appropriate know-how to deal with financial institutions. The social status and condition of the women entrepreneurs improved in their nuclear and extended families, and in their community. The Project contributed to more respectful and balanced social relations between the women clients and their husbands. The success of the businesses supported by the Project motivated other rural women to apply to the BSC for support.</p>

The Women Business Development Incubator (WBDI), Jordan (2002 –2012)	
Partnership, time-frame and budget	
<p>In 2002, the Italian Association for Women in Development (AIDOS) established the Women Business Development Incubator (WBDI) in partnership with the Noor al Hussein Foundation (NHF). Located in the village of Umm Qais, near the university town of Irbid in the North of Jordan, the WBDI was the first business</p>	<p>incubator dedicated to rural women in the country. The second phase of the intervention (2009-2012) enhanced the structure, results, impact and synergy of the WBDI and of the Syria VBI. The project budget amounted to EUR 1,400,889, provided by the European Union, IFAD and the Project partners.</p>
Needs assessment	
<p>Smallholder agriculture, small-scale trade and some tourism characterise the economy of the area, which is affected by unemployment and low income levels associated with a high birth rate.</p>	<p>Despite women's high literacy level, traditional gender roles entrenched in the local culture prevent them from effectively accessing the labour market and business sector, and mainly confine them to reproductive and caring roles.</p>
Project objectives	
<p>Through the establishment and strengthening of the WBDI as a sustainable and innovative business promotion facility, the Project aimed at increasing the entrepreneurial awareness of 380 local women and train 200 of them in</p>	<p>small business management, in addition to contributing to the development of 75 new enterprises and supporting the already existing ones in the target area.</p>

Business incubation and development approach	
<p>The WBDI focuses on capacity building, particularly in terms of managerial and technical skills. It flexibly combines 'in-house' and 'field-based' training and counselling sessions. These are delivered to women on an individual or group basis and are tailored to the specific needs of the existing and prospective entrepreneurs.</p> <p><u>Target group:</u> the WBDI initially targeted women living in 5 villages with a total population of 39,000 inhabitants. During the intervention's second phase, the incubator targeted 6,000 low-income women, aged between 20 and 50 years old, and living in 16 villages of the Bani Kinana District and the Northern Ghour areas.</p> <p><u>Business sectors:</u> the WBDI supported enterprises operating in handicrafts, services and trade, farming and food-processing, with a focus on value-added activities based on innovation and product design.</p>	<p><u>Business development services:</u> the WBDI organised awareness-raising events for large groups of women in the target villages; business management training, including: entrepreneurial orientation, basic managerial skills and <i>ad hoc</i> refresher courses; individual or group-based specialised services: technical training, product development and design, business planning and counselling, marketing and promotion, facilitation of access to finance. The incubator also sensitised and informed women beneficiaries on reproductive health, and organised the "Women Information Window" to promote the employment of young graduates.</p>
Key results	
<p>Between 2002 and 2008, the WBDI trained about 450 women in small business management and 95 women in technical skills. During this period, the incubator contributed to the establishment of 70 women-led enterprises. Between 2008 and 2012, the WBDI supported the creation of 44 women-led enterprises and the strengthening of 44 already existing businesses. It enhanced the business development skills and project implementation capacity of 14 WBDI staff members through on-site technical assistance by international experts selected and managed by AIDOS. The WBDI increased the entrepreneurial awareness of 491 women through information and sensitisation campaigns and trained 200 women on enterprise management through basic managerial training and specialised support. It contributed to the design and development of 32 new products</p>	<p>and to their integration in target markets. 239 women attended the WBDI awareness campaigns on reproductive health issues, and 225 women received counselling on employment opportunities. The incubator supported the development of 24 viable start-ups in the handicraft sectors (mainly textiles). Trade emerged as the most profitable business sector for the WBDI clients. Profits of 10 trade start-ups and of 9 already existing businesses increased by 121% thanks to WBDI support and contributed by 55% to the income of relevant households. Service-based businesses such as kindergartens and catering also represented a profitable option. In average, the sectoral analysis of the WBDI-supported businesses highlighted consistent improvements in profitability and household income.</p>

Village Business Incubator (VBI), Syria (2005-2012)	
Partnership, time-frame and budget	
In 2005, the Italian Association for Women in Development (AIDOS) established the Village Business Incubator (VBI) in partnership with the Fund for Integrated Rural Development Of Syria (FIRDOS) – now part of Syria Trust for Development, and with funding from the European Union (EU), IFAD and the project partners. The VBI is a business promotion facility for women’s micro and small enterprises in the Coastal Midlands region of Syria.	The cost of the Project amounted to EUR 552,112. A four-year pilot intervention (2005-2009) was followed by a second phase (2010-2012) aimed at strengthening two AIDOS-supported business incubators: the VBI in Syria and the Women Business Development Incubator (WBDI) in Jordan. EUR 1,400,889 were provided by the European Union, IFAD and the Project partners for the second phase.
Needs assessment	
Poor education, lack of self-esteem, limited exposure to economic opportunities and lack of entrepreneurial attitude confine rural women of the Coastal Midlands of Syria to small-scale farming.	This activity generates minimal income and is insufficient for the livelihood of the household. The area is also affected by a high rate of unemployment leading to the migration of men to urban areas, leaving women alone to support their households.
Project objectives	
The first phase of the intervention reached out to 600 women (potential and already existing entrepreneurs) through the establishment of a qualified institution in the field of micro and small enterprise development, managed by young Syrian professionals. The VBI was the first incubator of its kind in Syria. With a focus on sustainability and replicability, the second	phase of the Project aimed at expanding target area and scope of the intervention, thereby increasing the entrepreneurial awareness and skills of 350 new beneficiaries and reinforcing the production and marketing skills of the VBI-supported businesses.
Business incubation and development approach	
<u>Target group</u> : the VBI services were delivered to rural women living in ten villages of the Lattakia Province, aged between 20 and 50 years old, and with basic literacy and numeracy skills. The VBI supported potential and already existing local micro and small entrepreneurs who displayed the appropriate entrepreneurial attitude and motivation. <u>Sectors of intervention</u> . The VBI mainly focused on micro- to small-scale, viable, innovative, value-added businesses in the handicraft and processing sectors (e.g. in textiles, fashion, accessories, soft furnishings), employing high quality raw materials and sophisticated manufacturing or craft skills. These were the enterprises with the highest potential for the local and international markets.	VBI also fostered businesses in the food-processing and service sectors. <u>Services</u> : managed by a motivated team of young professionals trained by AIDOS’ international experts in the field of business incubation and development, the VBI provided an open learning space for business skills creation, information and promotion; it focused on innovative enterprise management training approaches (utilising for instance theatre sketches and role-play), personalised business counselling and planning, facilitation of access to finance, product development and design, technical training, marketing and promotion, in addition to reproductive health awareness.

Key results	
<p>The VBI sensitised 760 women on the importance of female entrepreneurship. The incubator trained about 215 women in small business management and, when relevant, also in technical skills. It contributed to the establishment of 117 new women-led enterprises operating in the field of handicrafts (home textiles, natural silk, fashion, accessories, natural soap), farming (bee-keeping, breeding and husbandry), food-processing (Italian-style cheese, honey and pastries) and services (computer centres, grocery shops, tailoring, restaurants and catering), thus stimulating and diversifying the local economy. The VBI built a solid reputation in the business development industry. VBI-supported enterprises participated in tens of exhibitions in Syria and secured their market through six permanent outlets. The VBI also promoted reproductive health awareness among 110 women.</p>	<p>The work of the incubator in the community fostered a more equal distribution of profits and income within the households. It contributed to improve the quality of life of involved families and promoted a more entrepreneurial and self-reliant attitude amongst local women. During the Project's first phase, handicraft businesses increased profits by 85% and contributed to family income by 45%. The VBI pilot experience inspired a variety of development initiatives in Syria. Other development organisations outsourced the VBI training services in the field of business promotion and fair trade, which strengthened the incubator's economic sustainability. The first group of VBI-supported entrepreneurs established a committee to ensure VBI sustainability as a permanent facility managed and run by local women for the local community.</p>

Business Service Centre (BSC), Nepal (2008-2012)	
Partnership, time-frame and budget	
<p>In 2008, the Italian Association for Women in Development (AIDOS) established the Business Service Centre (BSC) for women's micro and small enterprises in partnership with the Federation of Business and Professional Women of Nepal (FBPWN).</p>	<p>The Project budget amounted to EUR 694,403.25 and was funded by the European Union and AIDOS.</p>
Needs assessment	
<p>Women's participation in the Nepali labour force is one of the highest in South Asia (48%), however they are mainly engaged in informal subsistence activities. In 2008, 73% of the female labour force was concentrated in agriculture, one of the poorest sectors of the economy. Lack of education, poor technical and business skills, and limited access to resources and assets, led to poverty and deprivation.</p>	<p>This situation was exacerbated by a ten-year conflict ended in 2006, which forced men to a massive migration that left women alone to support their households and in need of more sustainable income-generation.</p>

Project objectives	
The four-year Project aimed at reducing the poverty affecting Nepal by promoting women's active role in the labour market.	The Project supported 220 micro-entrepreneurs and upgraded their businesses to the level of more viable, self-sustainable and growth-oriented enterprises.
Business incubation and development approach	
<p>The Project focused on strengthening FBPWN's capacity to manage enterprise development programmes through the establishment of a sustainable business promotion centre that supports women-led income generating-activities to become more profitable. The BSC is managed by a Nepali team trained by AIDOS' international experts in the field of business incubation, enterprise development, marketing, communication and sustainability through on-site technical assistance. The BSC also benefits from a mentoring network of successful business women.</p> <p><u>Target group:</u> The Project targets disadvantaged poor women (18 to 50 years old) living in the Kathmandu valley who are heads of household and family breadwinners. Other target groups of the Project are already existing women entrepreneurs and local and international organisations and government bodies interested in adopting the BSC methodology.</p>	<p><u>Sectors of intervention:</u> with a focus on innovation and design, BSC concentrated on PD&D and marketing to support handicraft businesses. It also supported rural businesses to enter the niche market of organic products. The BSC supported food-processing enterprises and small-scale trade and retail ventures.</p> <p><u>Services:</u> The BSC offers an integrated BDS package to existing and potential women micro and small entrepreneurs. The package includes entrepreneurship orientation, business management and technical skills training, PD&D, facilitation of access to finance, follow-up and business counselling, marketing assistance, business networking. The BSC has also developed a referral system to address those gender-related aspects such as reproductive health and gender-based violence that have a direct impact on women's business endeavours. The BSC has built strategic linkages with the Nepali NGO PHECT Nepal Counselling Centre established in Kirtipur area with the support AIDOS.</p>
Key results	
By the beginning of 2012, the BSC had sensitised 1,105 women through mobilisation and sensitisation campaigns. 173 women attended the business orientation trainings organised in the villages with an innovative and interactive approach (including also introductory meditation sessions). 153 women attended the field-based basic business management training. 90 women received technical training through outsourced qualified experts. 23 entrepreneurs received PD&D assistance from international experts. 15 business plans were produced. 20 credit linkages were established with micro-finance institutions. 48 marketing linkages were created at local level. 9 new products were introduced in the market.	6 businesses were registered. 12 bank accounts were open by BSC-supported entrepreneurs. 97 active enterprises were supported by the BSC, including: 58 informal income-generating activities, 27 micro-enterprises and 2 small-scale enterprises operating in the field of handicrafts (mainly textiles), food-processing, services and farming. The BSC built synergies with other built organisations in Nepal (such as fair trade, and organic certification entities, nature conservation authorities, agricultural extension bodies, social enterprise organisations). These collaborations provided a comprehensive support to the BSC clients at production, marketing and promotion level.

The Virtual Business Incubator (VBI), Tanzania (2009-2012)	
Partnership, time-frame and budget	
The Italian Association for Women in Development (AIDOS) provided technical assistance to the World Bank for the execution of the Tanzania Virtual Business Incubator (TVBI) as a pilot and demonstrative project to foster female entrepreneurship in the Dar es Salaam and Kibaha Districts of Tanzania. The Project was implemented, between 2009	and 2012, by the Tanzania Gatsby Trust (TGT) in partnership with the Institute of Management and Entrepreneurship Development (IMED), the Small Industries Development Organisation/ Women Enterprise Development (SIDO/WED), and Kwanza Collection Ltd. The Project was funded by the Italian Government and executed through the World Bank.
Needs assessment	
80% of micro-entrepreneurs in Tanzania are women operating their businesses as a survival strategy. Women often face greater barriers than men, particularly concerning access to credit, access to markets, to information and informal networks, to suitable work premises and support services (including loans suited	to their business needs, technical and management training, advice and marketing). The cultural environment makes it more difficult for Tanzanian women to start and run enterprises due to the emphasis on their traditional reproductive, care and community roles.
Project objectives	
The TVBI, named in Kiswahili language MKUBWA (meaning 'big, grown', used in this context to refer to a 'Programme to grow entrepreneurship and women entrepreneurs'), operates as an innovative initiative of the	TGT's non-financial services department to promote the establishment and upgrading of growth-oriented micro- and small-scale women-led enterprises.
Business incubation and development approach	
The business development approach of MKUBWA draws from AIDOS' enterprise incubation and development methodology, adapted to the implementation framework and the target group defined by the World Bank for this particular intervention in Tanzania. MKUBWA has been implemented, with AIDOS' technical advice and support, by a large pool of qualified Tanzanian business mentors, managerial and technical coaches, business trainers and marketing experts identified by partner organisations and locally coordinated by the TGT. <u>Target group:</u> MKUBWA has addressed 839 individual women (potential and existing) entrepreneurs, out of which: 260 received a complete BDS package, other 287 women received entrepreneurial and business management training, while the remaining 292	formed a control group. The latter received training on Gender-Based Violence, HIV/AIDS, Human Trafficking. <u>Sectors of intervention:</u> with a focus on value-added activities, MKUBWA has addressed the constraints and capacity building needs of women entrepreneurs operating in different sectors: handicraft (mainly garments and textiles), services, small-scale trade, farming, food processing. <u>Services:</u> MKUBWA provided an integrated package of business development training and advanced services including: entrepreneurial orientation, entrepreneurial business management training, technical training, business coaching and mentoring, PD&D, marketing linkages, and facilitation of access to micro-finance.

Key results

Between 2009 and 2012, MKUBWA supported 139 women involved in animal husbandry and organic farming, 47 in handicraft, 158 in processing, 173 in services, 246 in textiles and tailoring, 75 in small-scale trade. MKUBWA informed 3,000 women about the incubator services, and selected 839 of them as its clients. 683 women attended awareness sessions on reproductive health issues, HIV/AIDS and handling disabilities, while 450 women received entrepreneurial business management training. MKUBWA supported 212 enterprises, out of which 69 received tailored assistance. A sectoral analysis involving 101 enterprises identifies

animal husbandry as one of the most profitable sectors: the 9 existing businesses and the 6 start-ups in this field witnessed in average a profit increase of 90% and contributed by 61% to household income. Food-processing businesses (11 existing businesses and 10 start-ups) increased their average profits by 116%, while their average contribution to household income accounted for 46%. Also the handicraft and service-based businesses experienced an increase in profits. Businesses still face challenges in procurement, quality, production capacity and business registration. These will be addressed as part of MKUBWA's on-going work.



ANNEX II
Business Enabling
Environment (BEE)
and Investment Climate (IC):
development interventions
and gender relevance

Intervention level and field	BEE / IC factor	Gender relevance
<p><i>Macro level</i> Economic analysis Institutional capacity</p>	<p>Economic policy decisions (e.g. on development of enterprise sector) based on relevant data and analysis that are comprehensive, up-to-date and methodologically sound.</p>	<p>Need for gender-disaggregated economic data, for example with reference to women's involvement in enterprise activities in different sectors of the economy (e.g. from enterprise surveys), women's contribution towards household income, women's educational levels, skills sets and access to assets, finance, information and enterprise support services, etc. If not available, consider support to national statistics/ research bodies to build the capacity for gender-balanced economic analysis.</p> <p>Besides gender-sensitive data gathering and analysis, it is important to also define suitable indicators that can be used for M&E throughout the project cycle, in order to mainstream gender already at design stage.</p>
<p><i>Macro level</i> Policy development</p>	<p>Industrial policy identifying high-potential economic sectors (e.g. manufacturing) and enterprise segments (e.g. SMEs) and defining strategies and measures to promote their growth.</p>	<p>As most economic sectors are characterised by unequal gender participation, when supporting industrial policy design it is essential to consider the baseline situation of women (as entrepreneurs and workers) in the target sectors and project possible improvements in their involvement and in terms of the benefits accrued to them. In this context, it is useful to consider the value chain dynamics that characterise the supported sectors by using tools for gender-sensitive value chain analysis.</p>

Intervention level and field	BEE / IC factor	Gender relevance
<p><i>Macro level</i> <i>Meso level</i> Policy development Institutional capacity</p>	<p>Trade-related policy, including negotiations, liberalisation, facilitation, integration. This policy will consider global market opportunities and risks, as well as implications for national export-oriented, import-substituting and import-dependent sectors of the economy. Trade policy is also aimed at improving market access through the support to the compliance with international standards (SPS, TBT¹) and the enhancement of customs and trade logistics.</p>	<p>Trade openness and other trade-related policies may impact on sectors where women are disproportionately represented (e.g. labour-intensive, low-technology industries such as textiles and garments). Furthermore, women entrepreneurs may face additional challenges in accessing international markets and in import and export-related operations.</p> <p>Programme design should therefore consider trade-related assistance interventions that are likely to increase the resilience of women entrepreneurs in the affected sectors, and to facilitate their trade performance through improvement of regulations/processes and enhancement of relevant capacities. Gender balance in the representation of entrepreneurs in trade associations should also be promoted.</p>
<p><i>Macro level</i> Policy development</p>	<p>Education policy, with particular reference to technical and vocational training, as well as entrepreneurship and other industry-driven curricula.</p>	<p>The design of interventions aimed at improving a country's investment climate should take gender factors into account when tackling the gaps in the educational system. Project design should consider issues such as women's access to educational opportunities relevant to economic empowerment and entrepreneurship, as well as related processes of market entry.</p>
<p><i>Macro level</i> <i>Meso level</i> Policy development Institutional capacity</p>	<p>Investment policy, role of the national investment promotion agency, features and regulations of Special Economic Zones (SEZs) and Export Processing Zones (EPZs).</p>	<p>Promote mainstreaming of gender issues in the design or revision of the national investment policy and of the investment promotion agency/board entrusted with its implementation. Gender implications of SEZs and EPZs are generally related more directly to employed labour (with particular reference to labour conditions and 'decent work'), but may also have relevance for women entrepreneurs as suppliers of/in such zones. In the latter case, women's access to market information, infrastructure and entry should be considered, in particular when related to more profitable (and thus more contested) export-oriented sectors.</p>

¹ SPS = Sanitary and Phyto-Sanitary measures; TBT = Technical Barriers to Trade.

Intervention level and field	BEE / IC factor	Gender relevance
<p><i>Macro level</i> Policy development Legal and regulatory reform</p>	<p>Policies, laws and regulations governing the lifecycle of a business, related to: registration, licences, permits, inspections (e.g. for standards compliance), employment, taxation, closing or transferring a business, bankruptcy.</p> <p>Policies related to the formalisation of the informal economy.</p>	<p>When designing an intervention addressing the simplification of business-related laws and regulations, it is important to obtain data on gender aspects of registration and licensing, i.e. whether women face a different treatment in relation to cost, time and number of steps in the procedure (e.g. husband's permission for married women; use of intermediaries; etc.), and whether information provision and registration services are likely to facilitate or hinder women's participation in the business sector.</p> <p>As for taxation, it is useful to examine policy decisions on relevant corporate and personal taxes, and in particular on taxable base and tax rates related to different sectors of the economy where women may be disproportionately represented (in some contexts for ex. small-scale trade and specific types of agro-processing), and to verify implementation by local tax administrative bodies in order to detect biased treatment of women entrepreneurs.</p> <p>The above elements have an impact on the willingness and capacity of women entrepreneurs to formalise their enterprises, also depending on the country's legal framework related to businesses of different scales, from sole proprietors/ micro-enterprises to SMEs and large-scale companies. In this regard, awareness-raising interventions can be designed to better inform women entrepreneurs on the rationale and benefits of formalisation, as well as on the consequences on non-compliance.</p>

Intervention level and field	BEE / IC factor	Gender relevance
<p><i>Macro level</i> Policy development Legal and regulatory reform</p>	<p>Legal regime governing property and use of business-related immovable assets (land, premises).</p>	<p>A recurrent barrier to business entry and operation for women in developing countries is the local legal framework related to property, inheritance and marriage. It is therefore essential, in the design phase of an intervention promoting women entrepreneurship, to verify women's rights in this context in order to assess their capacity to access, use and dispose of property essential to the growth and stability of their enterprises. Such rights also impact on women's ability to access business finance for which physical collateral may be needed.²</p> <p>Women's status in relation to land tenure is particularly important and should be taken into due account as this is known to stifle women enterprise performance in both agriculture and manufacturing. In the design phase, specific interventions may be identified for example to promote reform or improvement of the land title deeds and cadastral system. Also very important is a review of legal provisions related to premises, e.g. women's rights to purchase, mortgage, sell, rent real estate, and to obtain construction permits. It should be kept in mind that, while legal reforms are key to the improvement of women's rights in this field, the modalities of land allocation based on traditional norms are an important determining factor in specific socio-cultural contexts.</p>
<p><i>Macro level</i> <i>Meso level</i> Policy development Institutional capacity</p>	<p>Policies aimed at increasing and improving business access to key market-related infrastructure, including road networks, transport, market premises, availability and pricing of utilities, etc. These policies may have, where relevant, an SME focus.</p>	<p>When supporting the design of such policies, it will be important to consider women's situation in specific economic sectors with regard to their access to markets, as influenced by their mobility, opportunity to utilise suitable premises and needed utilities (these aspects may be linked to both property rights and contractual capacity – see above and below points).</p>

² See 'Access to Finance' section for more information (Annex IV).

Intervention level and field	BEE / IC factor	Gender relevance
<p><i>Macro level</i> Legal and regulatory reform Institutional capacity</p>	<p>Legal-regulatory reforms and institutional capacity development to improve entrepreneurs' access to justice, with particular reference to property law and commercial law for contract enforcement and redress mechanisms.</p>	<p>Besides the application of commercial law for contract enforcement and property-related disputes, which are relevant for all entrepreneurs (and in particular small businesses), in the case of women's economic empowerment it is essential to also look at the interpretation and application of property, marriage and inheritance laws – especially by the lower courts – and to look into options of reform, awareness-raising and capacity building. Additionally, 'alternative dispute resolution' (ADR) mechanisms should be considered, with the aim to compensate as much as possible for the gaps and hindrances in women's access to justice.</p> <p>In the various country contexts, and not limited to the context of the informal sector, it is also important to consider the gender implications of social norms, cultural practices and local customs, as well as the role of those traditional authorities enforcing them. By looking at the 'gap' between statutory law and customary law, it is important to observe how women's situation may be affected (for example in their capacity to exercise their rights and entitlements), and take this into account when designing enterprise support interventions aimed at women's economic empowerment.</p>
<p><i>Macro level</i> <i>Meso level</i> Policy development Institutional capacity</p>	<p>Mechanisms and processes of public-private dialogue with a two-pronged function: (i) include and respond to the voice of the private sector, thereby advocating for the common interests of the business economy; (ii) raise awareness of public agenda and state commitments amongst the entrepreneurs (in relation to policy goals on economic development, international trade rules/ standards, etc.).</p>	<p>In order to ensure women's participation in public-private dialogue for a more enabling environment, programme design should consider the gender balance in existing or planned mechanisms such as public-private forums or committees. It should also evaluate the relevance of supporting the formation or strengthening of women business associations. The latter should be equipped with the relevant knowledge on the business environment, its legal-regulatory aspects and relevant policy agenda; as well as with skills of mobilisation, advocacy and lobbying.</p>

ANNEX III

Business Development Services (BDS):

development interventions and gender relevance

Intervention level	Intervention area	Possible actions	Gender dimension
Macro level	Support to the implementation of the national SME Policy, Industrial Policy, Agricultural Policy	Capacity building of government-funded SME Development Agency, Industrial Development Organisation, National Extension Services (with reference to BDS resourcing / design / facilitation / delivery)	Advocating and building skills for inclusion of specific gender needs in the provision of BDS for small business in industry and agriculture by the relevant national agencies, based on gendered value chain analysis of key economic sectors
	Support to the implementation of the national Education Policy (technical and vocational education chapters)	Capacity building of technical and vocational education public institutions Developing industry-driven curricula and mainstreaming of business and entrepreneurship skills	Advocating and building skills for equal opportunities in women's access to technical and vocational opportunities Advocating and building skills for mainstreaming of women entrepreneurship development in the national curricula (e.g. through the use of business women role models and success stories)



Intervention level	Intervention area	Possible actions	Gender dimension
Meso level	<p>'Market development approach'</p> <p>Building capacity of BDS providers and business intermediary organizations (BIOs)</p>	<p>Strengthening BIOs for advocacy on BEE</p> <p>Strengthening skills, tools and organisational structures of local BDS providers to serve different SME segments: start-ups, growth-oriented, export-oriented, different economic sectors and positions in the value chains</p> <p>Working with trade associations and quality infrastructure bodies to raise awareness of trade standards and regulations, share market information and facilitate business linkages</p>	<p>Supporting women's participation in BIOs and strengthening women-based business networks and associations</p> <p>Organisational and human resource development for local 'women business incubators' and 'women business centres', providing tailored and flexible support to women-led SMEs in order to nurture their business performance in value-added, innovative economic sectors (BDS may include: gender-sensitive – technical and managerial - training and other capacity building activities; product design and development; advisory, counselling, coaching, mentoring; marketing support; facilitation of access to finance).</p> <p>Ensuring representation of women-led SMEs in trade associations, and enhancing their access to information with regard to market access and requirements (incl. for export)</p>
Micro level	<p>'Traditional approach'</p> <p>Expanding BDS delivery to MSMEs through direct project delivery</p>	<p>Especially in underdeveloped BDS markets of post-conflict or fragile states, or in particularly remote and underserved target areas, direct delivery of BDS of the types and for the customer segments mentioned above (possibly in this case with more emphasis on informal micro-enterprises and smallholders)</p>	<p>Conducting adequate gender analysis at project design stage in order to tailor BDS schemes to needs of local women entrepreneurs (on the issues mentioned above, and possibly with more focus on the needs of informal women micro-entrepreneurs)</p> <p>Ensuring project implementation is gender-sensitive, taking into account socio-economic and cultural contexts</p>



ANNEX IV
Access to Finance
for MSMEs: development
interventions
and gender relevance

Intervention level	Intervention area	Possible actions	Gender dimension
Macro level	Financial sector policies and regulatory frameworks	<p>Reform of financial sector policies</p> <p>Improvement of banking regulations and supervisory systems</p> <p>Reform of legislation affecting collateral requirements</p>	<p>Mainstream gender issues in national policies for financial services, MSME development, rural development (refer also to specific economic sectors where women-owned enterprises tend to prevail)</p> <p>Revise regulations and supervision to facilitate types of institutions that provide finance suitable to women entrepreneurs (not only MFIs)</p> <p>Reform laws related to ownership, land titling, inheritance, marriage and contractual capacity, in order to lift barriers to women's ability to secure a collateral and access financial services</p>
	Strengthening regulators and supervisory authorities	<p>Provision of training and advice to central bank on supervision and banking regulation</p> <p>Provision of training and advice to financial sector regulators and supervisory authorities</p> <p>Strengthening of national/regional training institutions for the financial sector</p>	<p>Raise awareness and provide training (and ToT) to build the capacity of regulatory/supervisory bodies and public banking training institutions to address the gender gap in MSME access to finance</p>

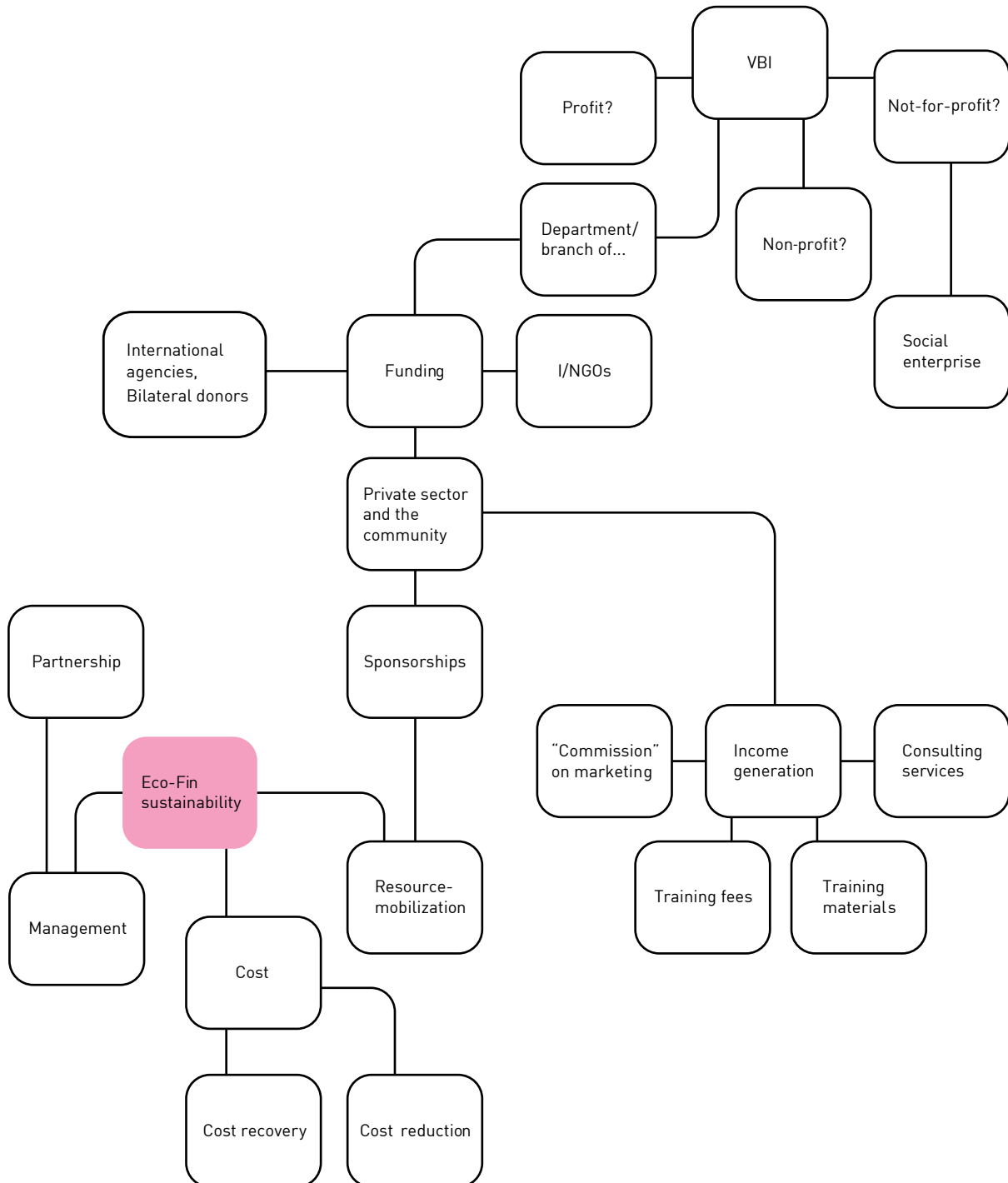
Intervention level	Intervention area	Possible actions	Gender dimension
Meso level	Strengthening financial institutions (financial service providers)	<p>Assistance to associations of banks and non-banking financial institutions to develop their capacity to create awareness amongst their members on issues and opportunities related to enhanced access to finance for MSMEs</p> <p>Establishment of MSME finance units within commercial banks and training of their staff on MSME lending (e.g. on risk management, collateral / alternative requirements, cash-flow-based lending)</p> <p>Strengthening expertise of service providers (incl. MFIs) e.g. in auditing, financial and risk management, accounting systems, management of information, etc.</p> <p>Support to rating agencies for microfinance (incl. R&D and performance assessments)</p> <p>Strengthening of business support organisations in order to enhance their capacity to provide information and advice to MSMEs in the area of finance</p>	<p>Raise awareness and provide training (and ToT) to build the capacity of financial institutions and their private associations to address the gender gap in MSME access to finance</p> <p>Provide gender training to MSME lending staff in banks and non-banking financial institutions in order to reduce bias and improve attitude towards women clients</p> <p>Strengthen the capacity of financial institutions in serving women entrepreneurs through better product development (financial products geared towards the needs of women-led enterprises in specific economic sectors) and through lending processes based more on credit history and cash-flow analysis and less on conventional collateral</p> <p>Work with women business associations, women business incubators other types of women business centres, in order to: gather their views and information on women entrepreneurs' financial needs; and channel information and advice on available services and options for MSME finance targeted to women-owned MSMEs.</p>

Intervention level	Intervention area	Possible actions	Gender dimension
	Development of financial infrastructure	Support to the creation / strengthening of financial information infrastructure (credit bureaus, credit reference services, collateral registers, rating agencies)	Ensure the gender dimension is taken into account in the design/ strengthening of credit bureaus and collateral registers, e.g. promote gender-sensitive data collection procedures
	Development and delivery of financial services	<p>Product development (including on leasing, trade finance, export guarantees, value chain finance, microfinance)</p> <p>Provision of capital to investment funds for MSME-focused equity</p> <p>Provision of capital to banks and MFIs (equity, loans, guarantee funds) through apex funds (for on-lending) or directly</p> <p>Provision of grant funding for risk-sharing and capacity building in relation to start-ups and green-field investments for MFIs</p>	<p>Support financial product development products geared towards the needs of women-led enterprises in specific industries and particular socio-economic contexts</p> <p>Earmark whole or part of apex funds or investment funds for women MSME finance</p> <p>Promote risk sharing and equity investment in financial institutions (partly MFIs) with a strong focus on women MSME finance</p>
Micro level	Facilitation of access to finance for MSMEs	<p>Support to enterprises in finding financial information, preparing bankable business plans and/or loan applications (i.e. through MSME support centres/ schemes)</p> <p>Pre-investment feasibility studies and due diligence assessments for local enterprises</p> <p>Information dissemination to MSMEs (directly or through their business associations and networks)</p>	<p>Support women-led MSMEs in the preparation of business plans and loan applications, and in the legal aspects of securing a collateral (where applicable), for example through business incubators and women business centres</p> <p>Provide BDS providers and business associations with information and tools to facilitate women's access to MSME finance, e.g. through information dissemination, training, mentoring, toolkits, etc.</p>



ANNEX V
Concept map
(spray diagram) of incubator
team's plenary discussion
on economic and financial
sustainability (VBI level)

Concept map (spray diagram) of incubator team’s plenary discussion on economic-financial sustainability (VBI level)

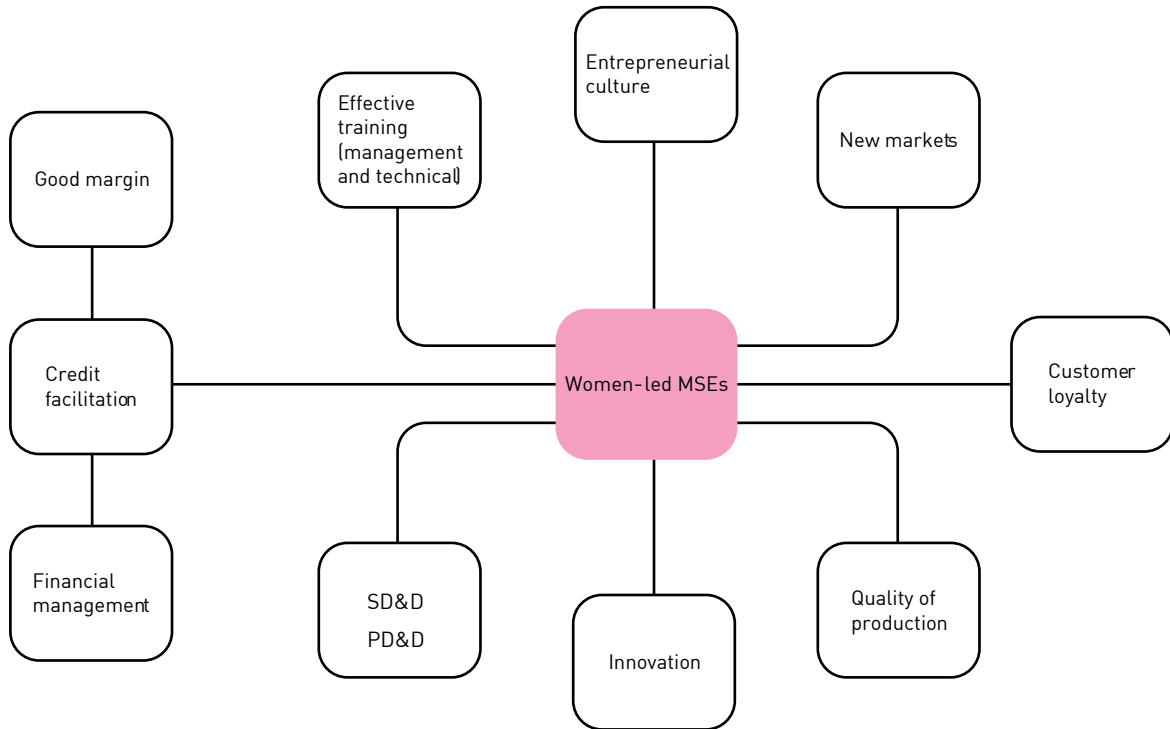




ANNEX VI

Concept map (spray diagram)
of VBI team's plenary
discussion on economic
and financial sustainability
(enterprise level)

Concept map (spray diagram) of VBI team's plenary discussion on economic and financial sustainability (enterprise level)

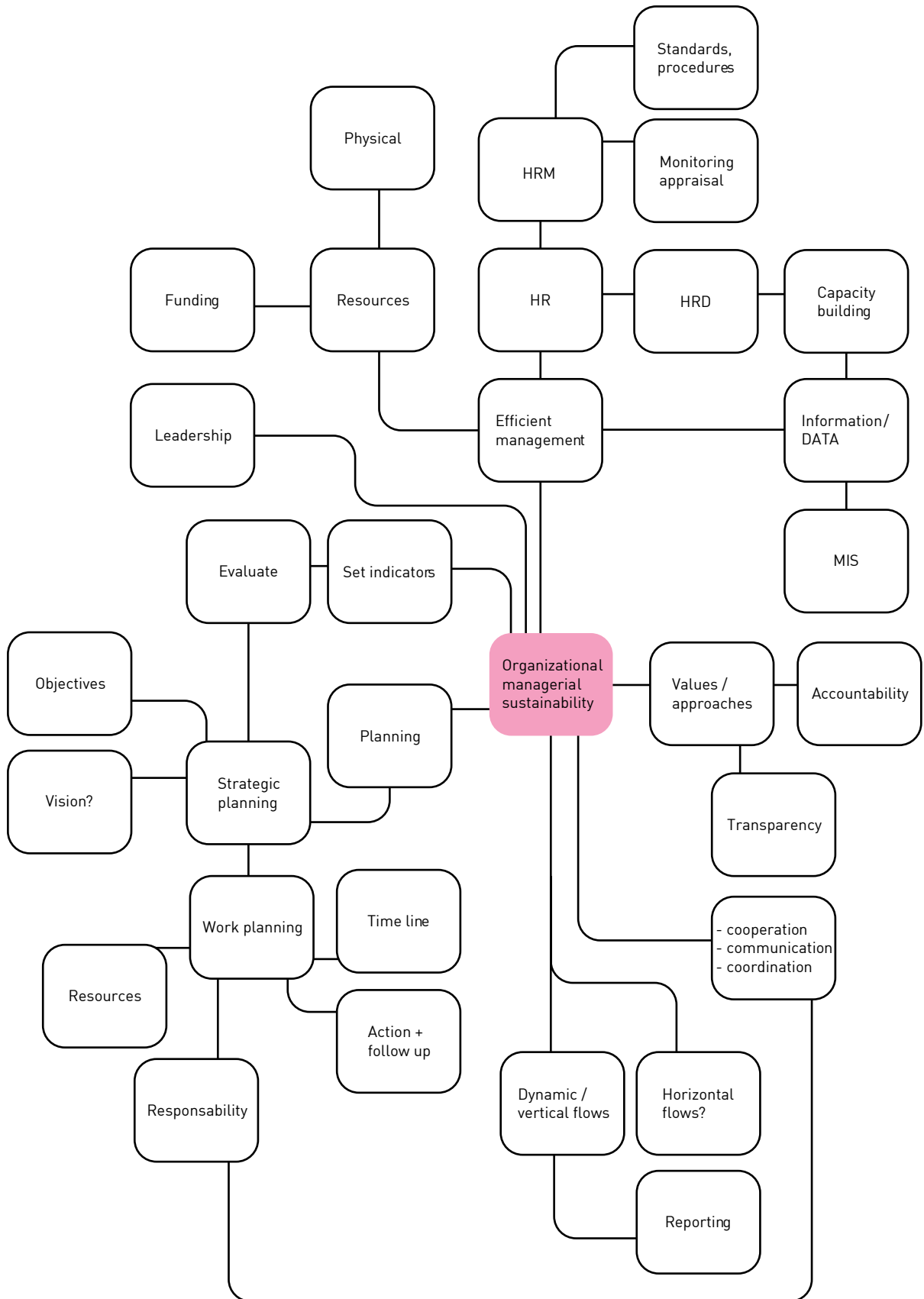




ANNEX VII

Concept map of VBI
team's plenary discussion
on organizational
and managerial sustainability

Concept map of VBI team's plenary discussion on organizational and managerial sustainability

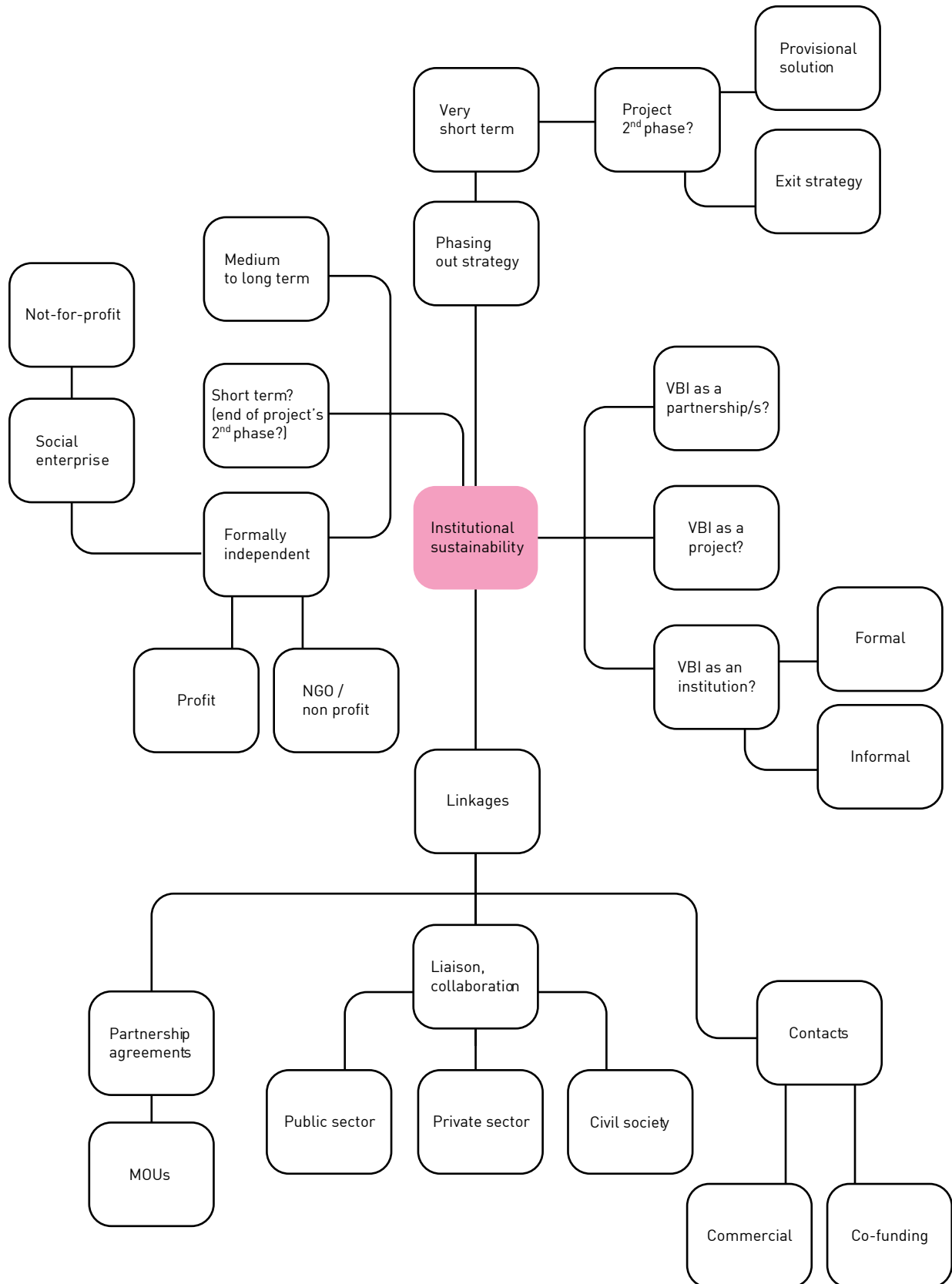




ANNEX VIII

Concept map of VBI team's
plenary discussion on
institutional sustainability

Concept map of VBI team's plenary discussion on institutional sustainability





ANNEX IX
Multi-product
break-even
analysis method

Multi-product break-even analysis method ¹

In general a break-even point calculation looks for the quantity of product to be sold in order to cover the costs of producing it (i.e. revenues equal to costs). If the following stands:

$$\text{Revenues: } R=nP$$

Where

n is the quantity of product
P is the selling price

And

$$\text{Total Cost: } TC=FC+nVC$$

Where

FC is the fixed cost
VC is the variable cost price
Break-even would be n, so to have:
 $R=TC$
Hence:
 $nP=FC+nVC$
 $n=FC/(P-VC)$

If we have more than one product, say two products A and B, the above would be

$$n_A P_A + n_B P_B = FC + n_A VC_A + n_B VC_B$$

Though it can be understood on the base of various evidences (cost, time series, etc.) the proportion between A and B (i.e. it could be known how many n of B are produced while n of A is produced). Hence:

$$n_B = \mu n_A$$

Therefore we have

$$n_A P_A + \mu n_A P_B = FC + n_A VC_A + \mu n_A VC_B$$

$$n_A = FC / [(P_A - VC_A) + \mu(P_B - VC_B)]$$

and as a consequence also n_B , since B is a proportion of A.

In our break-even analysis applied to the VBI we assume that each service (product) be sold at two different prices; one to the individual (or mixed) entrepreneur and one to development organizations. We also assume for example that the VBI would deliver 60% of its products to

organizations and 40% to individuals.

In the light of all of the above, we have the following (equation 1):

$$\begin{aligned} FC = & P_{mo} \Omega n + P_{mi} (1-\Omega) n - n VC_m + \\ & + P_{bo} \Omega \alpha n + P_{bi} (1-\Omega) \alpha n - \alpha n VC_b + \\ & + P_{to} \Omega \beta n + P_{ti} (1-\Omega) \beta n - \beta n VC_t + \\ & + P_{po} \gamma n + P_{pi} (1-\Omega) \gamma n - \gamma n VC_p \end{aligned}$$

Where

n is the number of reference product (in our case marketing)
m stands for marketing
b stands for business counselling
t stand for training
p stands for promotion
 Ω is the proportion of product sold to development organizations (in our case 0.6)
o stands for development organizations
i stands for individual entrepreneur
 α is the proportion (coefficient) of business counselling with respect to marketing (i.e. $b=\alpha n$)
 β is the proportion (coefficient) of training with respect to marketing (i.e. $t=\beta n$)
 γ is the proportion (coefficient) of promotion with respect to marketing (i.e. $p=\gamma n$)

Noticeably, equation 1 above can be rearranged as follows:

$$\begin{aligned} FC = & n [P_{mo} \Omega + P_{mi} (1-\Omega) - VC_m] + \\ & + \alpha n [P_{bo} \Omega + P_{bi} (1-\Omega) - VC_b] + \\ & + \beta n [P_{to} \Omega + P_{ti} (1-\Omega) - VC_t] + \\ & + \gamma n [P_{po} \Omega + P_{pi} (1-\Omega) - VC_p] \end{aligned}$$

The evident mathematical similarity of the content of [...] allows us to impose the following notation:

$$[P_{mo} \Omega + P_{mi} (1-\Omega) - VC_m] \text{ be called } \mathbf{m}$$

$$[P_{bo} \Omega + P_{bi} (1-\Omega) - VC_b] \text{ be called } \mathbf{b}$$

$$[P_{to} \Omega + P_{ti} (1-\Omega) - VC_t] \text{ be called } \mathbf{t}$$

$$[P_{po} \Omega + P_{pi} (1-\Omega) - VC_p] \text{ be called } \mathbf{p}$$

Hence the quantity of product of reference (days of marketing services) that the VBI needs to sell to reach the break even is the following:

$$n = FC / (m + \alpha b + \beta t + \gamma p)$$

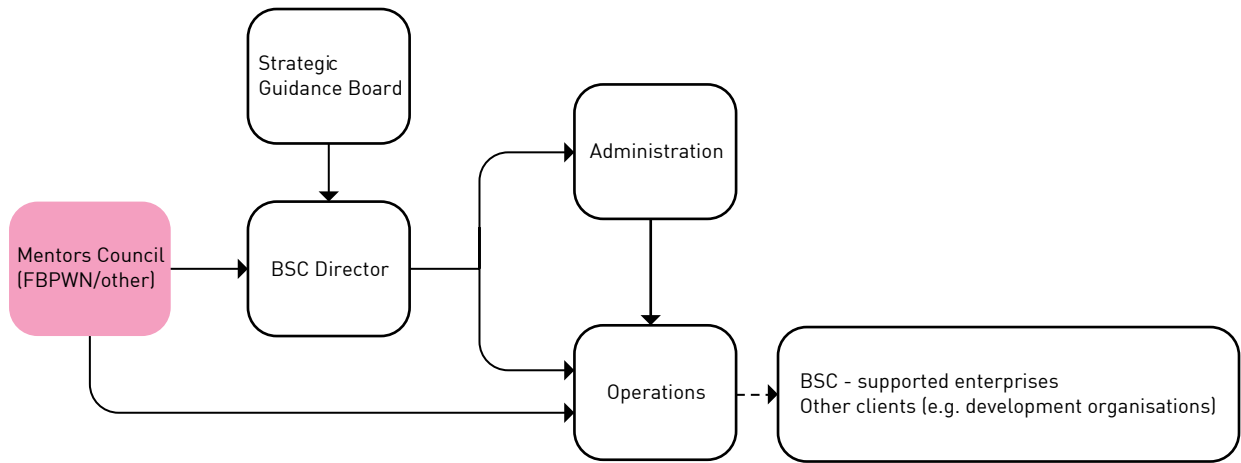
while the number of days of business counselling, training, and promotion services be calculated as per $b=\alpha n$, $t=\beta n$, $p=\gamma n$.

¹ For more information about multiple product analysis, visit www.cob.ohio.edu/meyerm1/Fall%202006/Multiple%20Product%20CVP%20Analysis.ppt

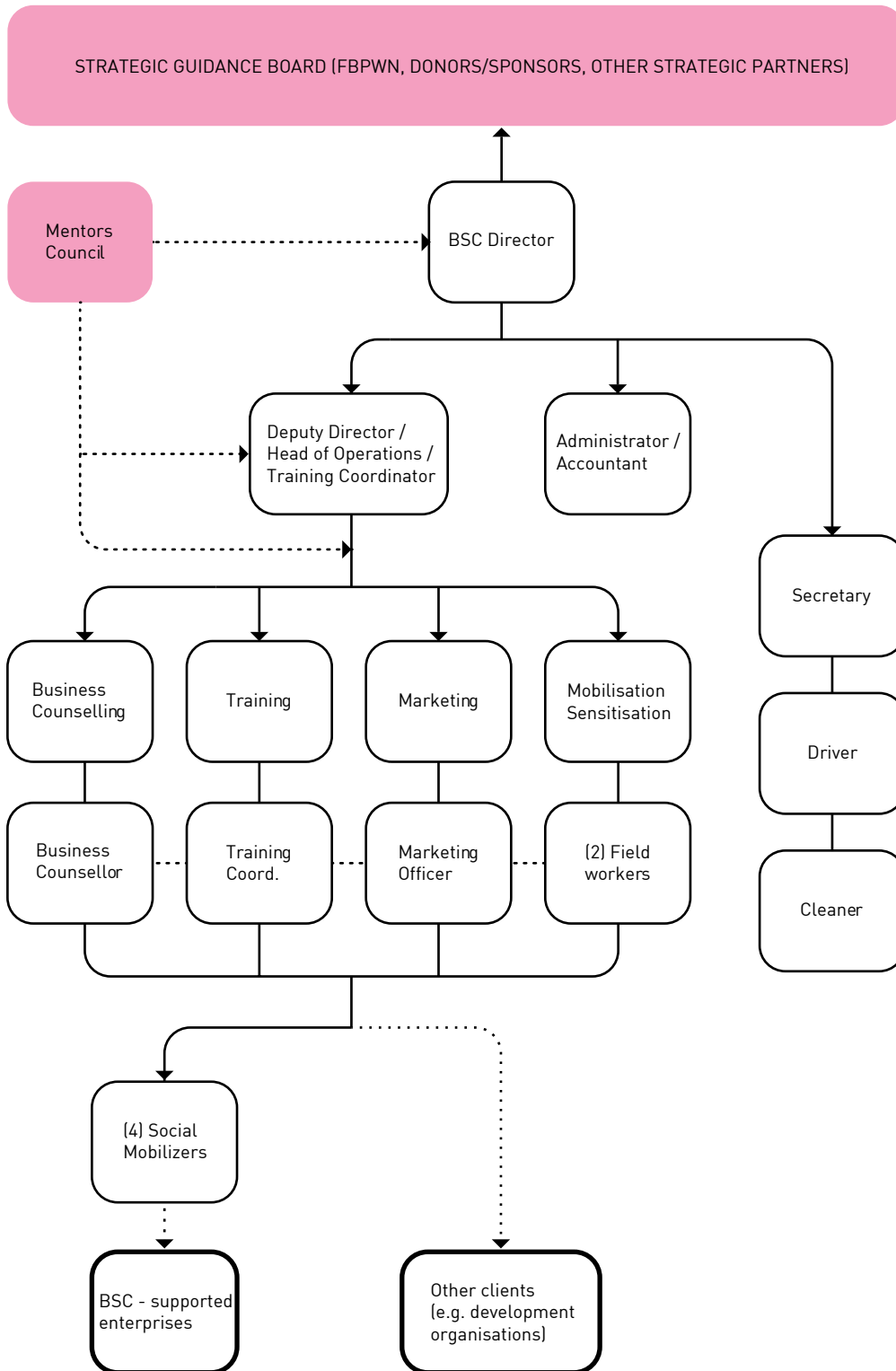
ANNEX X

Example of incubator organisational chart and job descriptions

Business Support Centre (BSC) - organisational chart (a)



BSC organisational chart (b)



BSC – staff profiles and job descriptions

	Profile	Duties & responsibilities
Strategic Guidance Board	A group of strategic advisors with diverse backgrounds, expertise and skills (business, legal, research, development, policy), and with the know-how and commitment necessary to promote the BSC mission. The Board includes FBPWN Representatives and Executive Members as well as external professionals. The Strategic Guidance Board provides its advisory services on a voluntary basis.	<ul style="list-style-type: none"> • Long-term planning. • Strategic guidance on BSC mission, budget and financing, institutional set up, working modalities and approaches, areas of technical intervention, target areas and target groups. • Advice at policy level. • Reviewing and approving periodic and annual financial and technical reports. • Vetting and approving the BSC annual work plan. • Providing legal expertise as required. • Providing strategic support to the BSC Director. • Monitoring of key BSC operations. <p>The Strategic Guidance Board meets periodically (e.g. on a quarterly basis).</p> <p>The BSC Director participates in the Board's meetings to report and discuss on operations, s/he does not have voting power on the Board.</p>

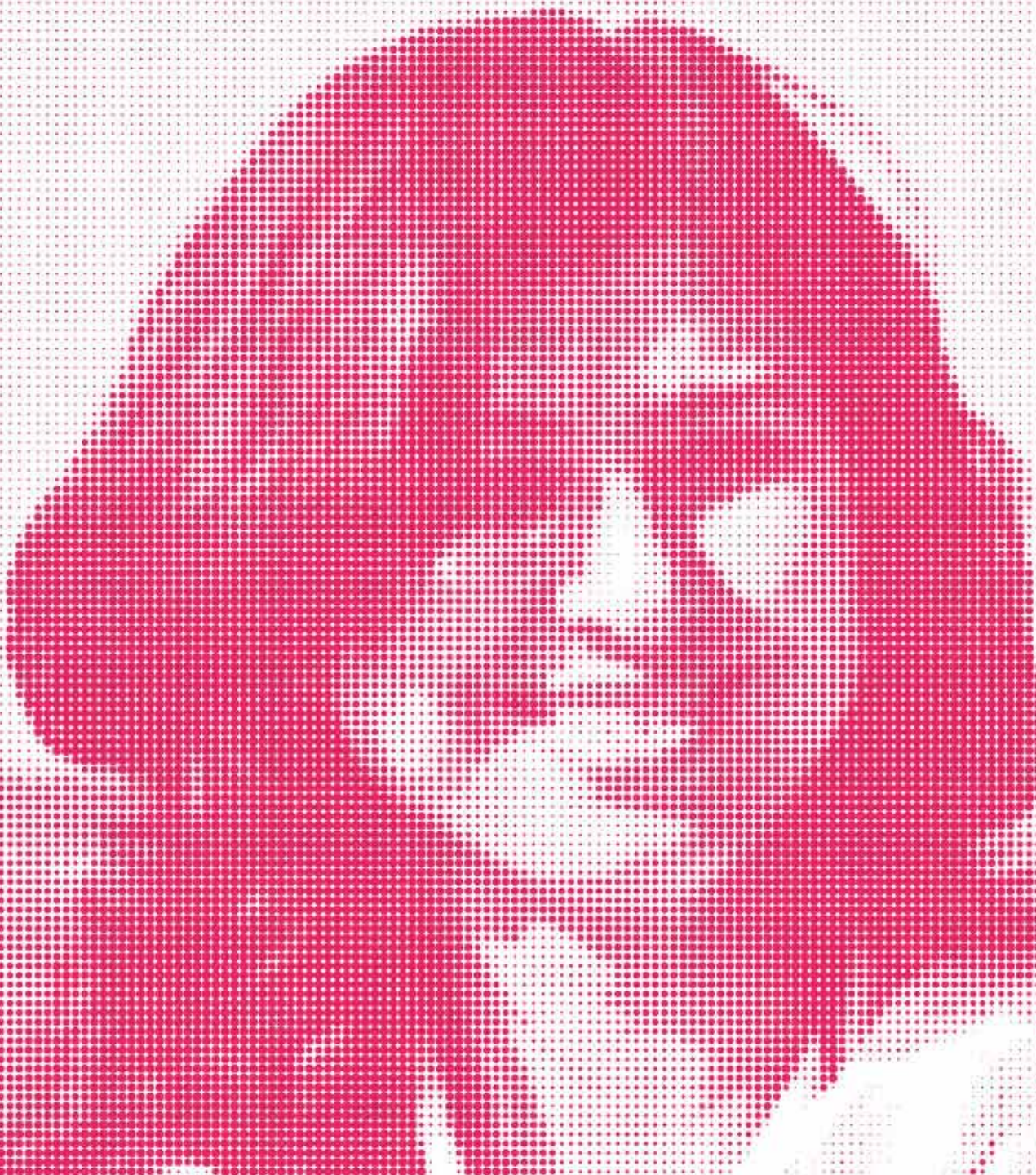
	Profile	Duties & responsibilities
BSC Director	<p>A person experienced in the management of development and non-profit organizations, preferably with a focus on local economic development. Strong motivation and commitment to BSC developmental mission and technical areas of intervention. Motivated to contribute to its self-sustainability and to realize its potential. The Director has expertise (or displays a strong potential) in the following areas:</p> <ul style="list-style-type: none"> • HR management. • Financial management. • Fund-raising. • Strategic networking and partnership. • Communication. • Report writing. • Knowledge of development sector in the country. • Project cycle management. • BSC methodology. • Gender-based entrepreneurship. • Proficiency in English and local languages. 	<ul style="list-style-type: none"> • Assuring that BSC policies and objectives as approved by the Strategic Guidance Board are achieved. • Being responsible for the efficient day-to-day running of the BSC and ensuring that the BSC operation manual is appropriately applied. • Liaising with local partner (FBPWN) and international NGO (AIDOS) as required. • Producing regular technical and financial reports for the Strategic Guidance Board. • Defining quarterly and annual BSC work-plans. • Overseeing implementation of BSC's sustainability strategy. • Supervising technical and administrative work of the BSC. • In coordination and consultation with BSC team members: analysing, assessing and approving new entrepreneurs' applications, new target areas and new client organizations for provision of BSC business development services on a contractual basis. • Overseeing financial management and fund-raising. • Producing technical and financial proposals. • Identifying, liaising and networking with other organizations at governmental, non-governmental and private sector levels as relevant. • Facilitating and overseeing the work of international and national experts providing tailored support and technical assistance to BSC. • In collaboration with FBPWN, formalizing referral systems through partnerships agreements and MoUs. • Marketing and promoting the incubator, e.g. by holding seminars or conferences. • Participating in capacity building events organized by local and international partners and other organizations as appropriate. • Participating in FBPWN chapter meetings.

	Profile	Duties & responsibilities
Mentors Council	<p>Five selected Executive Members of FBPWN with specific expertise on:</p> <ul style="list-style-type: none"> • Institutional networking • Fund-raising • Micro-finance • Business counselling • Marketing • PD&D • Financial management <p>to mentor BSC Director and team members on demand. The above tailored services will be provided <i>pro bono</i>.</p>	<ul style="list-style-type: none"> • Provide <i>ad hoc</i> advice to individual staff members. • Mentor individual staff members on specific tasks when required. <p>The Mentors Council meets regularly to consider the type of support provided to individual Staff Members and related needs of BSC in terms of capacity building and institutional development. Outcomes of the above interaction to be reviewed at the Strategic Guidance Board meeting in order to identify technical assistance interventions.</p>
BSC Head of Operations	<p>A person with a strong insight into the technical aspects of BSC work and integrated BDS package, with outstanding skills in:</p> <ul style="list-style-type: none"> • Coordination of operations • Field-based and institutional relationship building • Reporting • Planning <p>The BSC Programme Coordinator can also cover the role of Training Coordinator.</p>	<p>In close collaboration with the BSC Director, the Head of Operations is responsible for:</p> <ul style="list-style-type: none"> • Technical planning of BSC activities. • Coordinating the delivery of BSC service package to existing and potential women-led enterprises as well as client organizations. • Identifying new target areas and target groups. • Reporting to BSC Director on technical issues on a regular basis. • Overseeing the regular and accurate update of the BSC Management Information System (MIS).
BSC Administrator	<p>A person mastering the BSC accounting system and with the potential to further upgrade it. The BSC Administrator also has budget design and budget management skills.</p>	<p>In close collaboration with BSC Director, the Administrator contributes to:</p> <ul style="list-style-type: none"> • Producing BSC annual budget to be submitted to the Strategic Guidance Board. • Producing BSC financial reports. • Liaising with FBPWN Finance Manager. • Designing budgets for new proposals and contributing to quotes for pay-per-service contracts with other organizations. • Operating the BSC accounting system. • Filing and organizing accounting documents and contracts. • Implementing the BSC financial sustainability strategy and advising the BSC Director accordingly. • Reporting to BSC Director.

	Profile	Duties & responsibilities
BSC Secretary/ Administrative Assistant	<p>A person with a good insight into the technical work of the BSC and able to provide timely and accurate secretarial services in support of the BSC technical and administrative work.</p> <p>The Secretary has:</p> <ul style="list-style-type: none"> • Good communication skills. • Proficiency in English and local language. • Writing skills (correspondence). • Logistics skills. 	<p>In collaboration with the BSC Director, Programmes and Administration departments, the BSC Secretary is responsible for:</p> <ul style="list-style-type: none"> • Managing the telephone reception line. • Managing BSC petty cash and reporting to BSC Administrator. • Coordinating BSC vehicle schedule. • Writing letters as requested by BSC Director. • Providing logistic support to BSC field-based activities. • Compiling BSC press review. • In coordination with Marketing Officer contributing to the organisation of the show-room. • Participating in capacity building initiatives as relevant. • Reporting to BSC Director.
BSC Training Coordinator	<p>A person with relevant experience in training design and delivery and in the elaboration of training materials, and with strong communication and interpersonal skills.</p>	<p>In collaboration with the BSC team, the Training Coordinator is responsible for:</p> <ul style="list-style-type: none"> • Planning relevant training. • Designing training materials and approaches. • Delivering training cycle, and coordinating other team members during relevant training sessions. • Preparing training evaluations. • Following up application of training content. • Planning, designing and delivering Training of Trainers (ToT). • Reporting to Head of Operations.
BSC Business Counsellor	<p>A person with a deep insight into micro and small enterprise development, strong abilities in business planning and knowledge of micro-finance. The Business Counsellor should have good communication skills and abilities in data gathering and analysis.</p>	<p>In collaboration with the BSC team, the Business Counsellor is responsible for:</p> <ul style="list-style-type: none"> • Assisting women entrepreneurs in assessing the feasibility of their businesses and in producing relevant business plan. • Delivering training sessions when needed. • Providing specialised assistance in addressing financial and management issues (e.g. accounting, book-keeping, costing and pricing, stock management). • Facilitating the linkage with relevant microfinance institutions and providing related assistance to women entrepreneurs on loan applications. • Updating and analysing economic data of BSC-supported enterprises making use of the MIS. <p>The Business Counsellor reports to Head of Operations.</p>

	Profile	Duties & responsibilities
BSC Marketing Officer	A person with outstanding knowledge of local and international market potential for value-added SMEs and capable of establishing relevant marketing linkages. A person with excellent communication skills and with good insights into PD&D, e-commerce, promotion and advertising techniques, fair trade.	<p>In collaboration with the BSC team, the Marketing Officer is responsible for:</p> <ul style="list-style-type: none"> • Assisting women entrepreneurs in identifying and establishing relevant marketing linkages. • Carrying out market studies. • Assisting women entrepreneurs in costing and pricing, labelling and packaging. • Facilitating the marketing of products through BSC website and other dedicated outlets. • Assisting women in marketing products through local and international trade fairs and through regular local or international business deals. • Supporting women entrepreneurs in relation to PD&D through web-based research as well as local and international design resources. <p>The Marketing Officer reports to the Head of Operations.</p>
BSC Field Workers (2)	{Two} persons showing strong communication skills and abilities to interact with local communities. Knowledgeable about participatory rural appraisal techniques. Aware of the socio-economic barriers and constraints affecting disadvantaged communities.	<p>In collaboration with the BSC team, the two Field Workers are responsible for:</p> <ul style="list-style-type: none"> • Carrying out baseline surveys and field-based research. • Carrying out mobilization and sensitization campaigns. • Carrying out advocacy work. • Implementing referral system. • Contributing to data collection and analysis.
BSC Social Mobilisers (4)	{Four} persons living in the project target areas and well rooted in the local community; displaying strong communication skills; enjoying a good reputation at local level; reliable; able to ensure confidentiality; well-mannered, polite, respectful; knowledgeable about BSC methodology and BSC work.	<p>In collaboration with the BSC team, the four Social Mobilisers are responsible for:</p> <ul style="list-style-type: none"> • Monitoring enterprises and identifying relevant problems. • Referring enterprises to BSC team members as needed. • Collecting relevant data. • Promoting the BSC service package at local level. • Liaising between the BSC and the local communities.

APPENDIX



ABOUT AIDOS AND ITS LOCAL PARTNERS

AIDOS

The Italian Association of Women for Development (AIDOS) was founded in 1981 as a women's association and a non-governmental organisation for development cooperation. In 1992, AIDOS was authorised by the Italian Ministry of Foreign Affairs to manage public funds for the implementation of development cooperation projects. Right from the start, AIDOS has worked in developing countries, in Italy and Europe to build, promote and defend the rights, dignity, well-being and progress of women everywhere.

The values of the Italian women's movement inspired AIDOS' approach: this is based on on-going dialogue and partnership with women's and non-governmental organizations worldwide. AIDOS also works in collaboration with public international organizations, and in particular with the United Nations system: it holds special consultative status with ECOSOC (Economic and Social Council of the United Nations), and is the Italian focal point for INSTRAW (United Nations International Research and Training Institute for the Advancement of Women) and UNFPA (United Nations Population Fund).

AIDOS operates in five main areas: reproductive health and rights, women's economic empowerment, institutional development, human rights of women, girls' and adolescents' education. AIDOS is currently implementing its development and advocacy initiatives in the Middle East (Jordan, Palestine and Syria), Africa (Burkina Faso and Tanzania), Asia (Nepal, India, Afghanistan) and Europe (Italy). AIDOS' development projects, implemented in partnership with local organizations, mainly focus on the establishment of counselling centres for women's health and of business incubators for women. AIDOS provides technical assistance and support in the establishment of the above facilities, to ensure their operational effectiveness and sustainability. Both reproductive health centres and business incubators adopt innovative and integrated methodologies, conceived with the support of international and local experts to respond to the specific needs of women in their different contexts. These models have been successfully tested and adapted over a period of almost thirty years of experience. AIDOS' main donors include the European Union, UNFPA, the Italian Ministry of Foreign Affairs, Italian and international individual donors and development foundations.

www.aidos.org



THE PALESTINIAN AGRICULTURAL RELIEF COMMITTEE (PARC)

The Palestinian Agricultural Relief Committee is a leading Palestinian non-profit, non-governmental organisation involved in rural development and women's empowerment. PARC was founded in 1983 in response to the lack of agricultural extension services for Palestinian farmers. It emerged from the National Committees for Voluntary Movement, which played an important role in the Palestinian Territories in the late 1970s and early 1980s. This was formed by a group of agronomists, agricultural engineers, pioneer farmers and veterinary doctors who were active in the voluntary movement. They were convinced that forming specialised agricultural voluntary groups would serve the farmers, the Palestinian agricultural sector and the national goal of land protection.

PARC's main goal is to contribute towards achieving sustainable and integrated rural development. PARC provides advice, awareness support, services and tailored consultancy for individuals, groups and institutions involved in similar domains. For the implementation of its projects, PARC relies upon the active and broad grassroots participation of beneficiaries. In the process, it also develops expert capabilities and improves employee skills. By doing so, PARC aims at contributing to the building of a Palestinian democratic and civil society.

www.parc.ps



NOOR AL HUSSEIN FOUNDATION (JORDAN)

The Noor Al Hussein Foundation (NHF) is a non-profit, non-governmental organization with the mission to make a lasting, positive impact on the lives of disadvantaged people in Jordan and the Middle East. Founded in 1985, NHF works with local communities to support their own efforts in achieving a better quality of life through programmes and projects that foster sustainable development, governance and grassroots activism. NHF's Community Development Program employs an integrated and sustainable approach that empowers individuals by equipping them with the skills needed to effect change in their own lives and communities. Through capacity building, business development services, access to finance to establish income-generating activities (IGAs), as well as the creation of job opportunities at the grassroots level, NHF contributes to reducing poverty and unemployment, and enables thousands of underprivileged people to increase their family incomes while improving their quality of life.

www.nooralhusseinfoundation.org



THE SYRIA TRUST FOR DEVELOPMENT AND FIRDOS

The Syria Trust for Development is a non-governmental, non-profit organisation established to empower individuals and communities in Syria to fulfil their role in building their society and shaping their future. The Trust works on supporting and incubating local initiatives, encouraging active citizenship, entrepreneurship and volunteerism, building capacities, sharing knowledge, and establishing partnerships with individuals and civil society organisations to advocate for development issues. The Trust also works on expanding the space and role of civil society in planning and decision-making in the country. It strongly encourages its partners, local communities, public and private sectors, civil society organisations and international institutions to take ownership of its programmes by actively participating in their identification, design and implementation. Since 2001, the Trust incubated several development projects such as FIRDOS, SHABAB, Massar, Rawafed and the Syrian Development Research Centre. FIRDOS worked from 2001 to 2011 and contributed to define the Trust's new strategic direction. It was established to empower rural communities by improving their living conditions, helping them achieve self-reliance and creating equal opportunities for their members. FIRDOS offered a wide range of economic, social and institutional development initiatives. For example, to achieve the goal of economic development, it offered entrepreneurship and micro-finance support. Social development activities helped individuals and communities identify and solve key challenges by using newly acquired skills and getting access to relevant knowledge. Institutional development helped to create community-based organisations (CBOs) and to strengthen their cooperation with local authorities.

www.syriatrust.org



FEDERATION OF BUSINESS AND PROFESSIONAL WOMEN OF NEPAL (FBPW)

The Federation of Business and Professional Women of Nepal (formerly Business and Professional Women's Club, 1972) is an independent, pioneering, non-profit, voluntary, social and professional NGO working to promote inclusive socio-economic empowerment of women and supporting its members to become outstanding professionals and business-people. BPW Nepal is part of the International Federation of Business and Professional Women (or BPW International), a worldwide organization committed to networking and empowering women worldwide with branches in over 100 countries, and with a membership of over a quarter of a million.

BPW Nepal is composed of women operating at various levels in different business and professional domains. It serves as a common forum to articulate the interests and issues of women and youth of Nepal, particularly those related to women entrepreneurs. It also works towards creating institutional linkages between organisations concerned with women and youth development. BPW Nepal developed its strategy towards the empowerment of women and youth through the launch and implementation of various socio-economic activities and projects. It also works as an advocacy group to raise awareness on the subjects of gender equality and equity, good governance, health, hygiene, water and sanitation, women's human rights (socio-economic and cultural rights). BPW Nepal has established the Polytechnic Centre to provide employment-oriented trainings for women and youth, thereby offering an opportunity to develop their professional, social and intellectual skills and to increase their productive participation in the work-force. BPW Nepal operates through its Executive Committee based at BPW Headquarters in Kathmandu. To ensure effective outreach, it also operates through Chapters and Units located at district level in various areas of Nepal.

www.bpwnepal.org.np



TANZANIA GATSBY TRUST (TANZANIA)

The Tanzania Gatsby Trust (TGT) was registered in Tanzania in 1992 as a charitable trust for poverty alleviation, with the aim to enable hundreds of Small and Medium-scale Enterprises (SMEs) establish and manage productive and profitable enterprises. TGT focuses on empowering vulnerable groups (women, youth) and growth-oriented SMEs with entrepreneurial skills and opportunities within the relevant value chains. The choice of these target groups is based on the understanding that unlocking the potential of women, youth and growth-oriented SMEs as active and effective agents of economic change, will contribute to developing local communities and to building a solid foundation for a thriving private sector. TGT is recognised as a leading catalyst for SME development through innovations that make markets work for the poor. TGT pursues the vision of “working in partnership with others in striving towards an enterprising Tanzania where prosperity is widely distributed”.

www.gatsby.or.tz



SMEs Partner in Poverty Alleviation In Tanzania

ABOUT THE AUTHORS

Alessandra Lustrati is a trade and private sector development expert. She has a background in international development and economics, is an LSE alumna and is specialized in the promotion of small-scale enterprises and sustainable value chains. Alessandra has seventeen years of field experience in Sub-Saharan Africa, the Middle East and Asia, where she worked - as both staff and consultant - with international and local NGOs, micro-finance institutions, the United Nations and the European Union. She also lectured at university in the UK on a master's course in development management. Alessandra is the editor and lead author of this publication, having worked with AIDOS and its partners as the main designer of the 'Virtual/Village Business Incubator' (VBI) model and methodology in Jordan and Syria, and having provided technical advice for the incubators' establishment, capacity building and sustainability planning.

Paola Cirillo is a gender and development expert. She has a background in oriental studies and a master's degree in development cooperation. Since 1994, Paola has been working with AIDOS, where she is responsible for the coordination of projects that support women's entrepreneurship and women's reproductive health in the Middle East and in Africa. She worked for the United Nations Relief and Works Agency for Palestine refugees in Jordan and for the Office for the Coordination of Humanitarian Affairs in the Gaza Strip. She has been consultant for the International Fund for Agricultural Development and for the Coordination Office of Italian NGOs in Palestine. Paola is a co-author of this publication, having provided headquarter-level oversight of AIDOS' Village Business Incubator projects.

Valentina Sommacal is a development management specialist. She has a background in oriental studies and is specialized in development management as well as in trade, banking and investment in the Arab world. Valentina has ten years experience in project cycle management, institution building and business development, with a focus on gender and female entrepreneurship promotion. She worked with various private sector support institutions in Italy and Syria and with AIDOS. Valentina is a co-author of this publication, having coordinated at field level the establishment and capacity building of the Village Business Incubator in Syria, and having provided technical support to AIDOS' partners in Syria, Jordan, Nepal and Tanzania with regard to the sustainability strategies of their incubators and business support centers for women-led enterprises.

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This section of the Appendix includes an *annotated bibliography* organised by topic and providing guidance on useful readings and on-line resources. The selection listed below is composed of sources used in the preparation of this publication and of those that can provide useful additional information to the readers engaged in women's entrepreneurship promotion. While the sources listed under (a) to (d) pertain to the key aspects of the business environment within which women-led businesses endeavour to start up and grow, the sources under (e) are directly related to the projects of the Village/Virtual Business Incubators and Business Support Centres described in this publication (they include for example project-related documentation and technical assistance reports). Additional information on AIDOS' initiatives in support of women's entrepreneurship can be found at www.aidos.it.

Note to the Reader: All web-links valid at time of publication (March 2012)

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¹ This section of the annotated bibliography draws on and is adapted from the list of resources included in "Trade and Private Sector Policy and Development" Reference Document No. 10, Tools and Methods Series, European Commission, Brussels, Nov 2010, ISBN: 978-92-79-15424-9. <http://capacity4dev.ec.europa.eu/topic/private-sector-trade-regional-integration>

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www.bds-forum.net - The BDS Forum is a database and discussion forum covering different aspects related to business development services. It includes information on different BDS strategies, case studies, useful links and tool-kits.

www.bdsknowledge.org - BDS Knowledge is structured around the phases in the 'life cycle' of a typical market development programme: Market Assessment, Project Design, Implementation, Impact Assessment and Final Documentation. The website includes, among others, useful information on seminars and conferences.

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Women in developing countries face multiple challenges when setting up or developing local businesses. Poor access to information, inputs, skills, finance and markets affect women disproportionately due to gender-related barriers at different levels: the household, the community, the institutions and the economy at large. This situation limits the life choices and constrains the creativity of a vast population, while leaving an enormous amount of entrepreneurial and productive potential untapped. Smart, gender-sensitive and context-relevant solutions are needed to enhance and valorise women's contribution towards pro-poor growth.

Determined to find such solutions, AIDOS and its partners – with the support of IFAD and other donors – have worked since 1995 with local communities and organisations in the Middle East, Africa and Asia to design, test and implement innovative models of business incubation that foster female entrepreneurship

through a holistic and inclusive approach. As a result, village-based 'virtual business incubators' (VBIs) and small business centres have been established in Palestine, Jordan, Syria, Tanzania and Nepal, to provide local women with better access to tailored business development services, to help them develop new products and services, to facilitate their access to enterprise finance and to connect them more effectively to the relevant markets.

This publication charts the journey of AIDOS and its partners through the different stages of designing and establishing a VBI, as well as addressing the issue of incubator sustainability. The book – written by enterprise development and gender specialists who have first-hand experience of this approach – offers a detailed explanation of the VBI methodologies and services, while introducing the readers to the key needs, potentials and dynamics of women-led enterprises through real life examples.



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