

Toolkit for BDS Facilitation

**DEMAND-DRIVEN
BUSINESS DEVELOPMENT
SERVICES (BDS)**

Needs Assessment - Action-Planning - BDS Delivery

Addis Ababa 7/2005



EBDSN

www.bds-ethiopia.net



German Technical Cooperation

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List of Abbreviations

AWEA	Amhara Women Entrepreneurs Association
BDS	Business Development Services
CBE	Commercial Bank of Ethiopia
CEFE	Competency based Economies through Formation of Enterprises
EBDSN	Ethiopian Business Development Services Network
FeMSEDA	Federal Micro and Small Enterprises Development Agency
ILO	International Labour Office
M+E	Monitoring and Evaluation
MSE	Micro and Small Enterprises
NGO	Non Governmental Organisation
OD	Organisational Development
PO	Partner Organisation
ReMSEDA	Regional Micro and Small Enterprises Development Agency
SME	Small and Medium Enterprises
SWOT	Strengths, Weaknesses, Opportunities, Threats

Introduction

Business Development Services (BDS) facilitation has been introduced with great success in Ethiopia since 2001 by about 30 public, private and commercial business development institutions. Nevertheless, BDS delivery on the part of private commercial BDS providers still remains weak and has to be strengthened further, if it is to become sustainable.

This publication aims at spreading BDS facilitation as a tool for enterprise promotion all over the country and would serve as a toolkit for national institutions and internationally funded projects alike. The experiences reflected in this publication were gathered over the last four years by the Ethiopian Business Development Services Network (EBDSN) in cooperation with the “Ethio-German Micro- and Small Enterprises Development Project”. The MSE Project has been implemented by GFA Management on behalf of the German Technical Cooperation (GTZ). One of the most important lessons learned is that a BDS facilitation approach should be action-oriented: BDS training should be translated into outright implementation of BDS actions. This is the reason why BDS training should involve direct preparation on how to put BDS into practice.

Chapter 1 provides an introduction to BDS in general and to our approach “Demand-driven Needs Assessment and Business Services Delivery” as applied in Ethiopia:

- Section 1.1 answers the question “What is BDS?” and provides a range of examples of Business Development Services.
- Section 1.2 highlights the importance of demand-orientation in BDS promotion and how this became an important starting point for our BDS approach.
- Section 1.3 provides an instruction on how to decide where to get started with BDS Promotion in answering the question “Which enterprises should we target?”.
- Section 1.4 introduces the reader to the implementation methodology of our BDS approach and its three core elements – situation analysis, action planning and delivery. The practical steps of implementation are explained in more detail in Chapter 2.
- Section 1.5 points out why it is so important to apply a participatory approach in BDS facilitation.
- Section 1.6 discusses the question of how to commercialise BDS and develop a functioning market. The section relates to section 1.2 and what has been said on demand orientation, and puts it into a context with practical issues and the situation in Ethiopia.
- Section 1.7 raises a practical issue – the costs of BDS implementation. More details on this are provided in Chapter 3.
- Section 1.8 provides an example of BDS provision to Medium and Larger Enterprises, as opposed to the main part of this publication which mainly deals with Micro and Small Enterprises.
- Section 1.9 and 1.10 refer to the achievements of the EBDSN and present illustrative case studies.

Chapter 2 and 3 explain the practical steps of how to implement the BDS approach developed by the EBDSN. While Chapter 2 concentrates on the training workshop to build up the necessary BDS facilitation capacity, Chapter 3 covers the remaining organisational steps.

On the webpage of the Ethiopian BDS Network (www.bds-ethiopia.net) you will find further information on BDS providers and business development agencies, BDS activities achieved, BDS implementation approaches and strategies, BDS-related issues, such as taxation, marketing, export, vocational and entrepreneurship training, sector studies and policy issues.

1. Demand-driven Business Development Services (BDS)

1.1 What are BDS?

Business Development Services (BDS) comprise a wide range of non-financial services provided by private suppliers (BDS providers) to entrepreneurs who use them to efficiently operate and make their businesses grow. The types of services in a functioning BDS system are determined by the demand articulated on the part of the businesses.

Some examples of BDS include:

Market access services:

- Market information; market linkages; trade fairs and product exhibitions; development of samples for buyers; subcontracting and outsourcing; marketing trips and meetings; market research; market space development; showrooms; packaging; advertising.

Input supply services:

- Linking MSEs to input suppliers; improving suppliers' capacity to provide a regular supply of quality inputs; facilitating the establishment of bulk buying groups; information on input supply sources.

Technology and product development services:

- Technology transfer/commercialisation; linking SMEs and technology suppliers; facilitating technology procurement; quality assurance programmes; equipment leasing and rental; design services.

Training and technical assistance:

- Mentoring; feasibility studies and business plans; exchange visits and business tours; franchising; management training; technical training; counselling/advisory services; legal services; financial and taxation advice; accountancy and bookkeeping.

Infrastructure-related and information services:

- Storage and warehousing; transport and delivery; business incubators; telecommunications; courier services; money transfer; information via print, radio, TV; internet access; computer services; secretarial services.

Policy and advocacy:

- Training in policy advocacy; analysis and communication of policy constraints and opportunities; direct advocacy on behalf of MSEs (e.g. taxation problems and premises); sponsorship of conferences; policy studies.

Access to finance

- BDS providers do not provide direct financial support, but link businesses to banks and micro-finance institutions; provide information on credit schemes and conditions; encourage savings; assistance in business planning for loan applications.

1.2 Demand-oriented services

SMEs need a range of Business Development Services that contribute to the efficiency, profitability and expansion of the business activities they pursue. Institutions involved in the facilitation or provision of BDS need to base their service delivery methodology on the basis of the needs of business operators. In short, BDS need to be demand-oriented.

Supply-driven services will often not meet the needs of business operators and therefore simply are not used – or only if these are not connected to any costs. However, without the respective willingness to pay for the services, there is no potential to achieve long-term sustainability for their provision. On the other hand, SMEs often have no experience with services which they consider really useful for them. Therefore, without an existing BDS market it is very difficult to nurture a willingness to pay for BDS. So, the situation in Ethiopia was how do you develop a demand-oriented approach if the willingness to pay is virtually not existent?

The approach of the Ethiopian BDS Network was to include participatory needs assessment in the BDS facilitation methodology. It is important that the needs assessment is participatory because that is exactly what the willingness to pay is about – the business operator's very participatory expression of a need. Even though some of the services still had to be provided for free of charge, due to BDS being new to most MSEs in Ethiopia and their willingness to pay often low, we strongly believe that this is a practical approach to BDS, which has already made a substantial impact in Ethiopia and has the potential for sustainability and further BDS market development in the country.

1.3 Criteria to select businesses for BDS

BDS is not different from other markets: If you want to engage in BDS facilitation or BDS provision, you first have to define your market. The selection of businesses to be involved in BDS activities is not limited to narrow criteria, but depends on the capabilities of and the services provided on the part of the concerned SME development agencies and BDS providers. Our method of selection is a practical approach to getting BDS started. Facilitators identify market segments in the intervention fields of their organisation, but the concrete services are determined by the demand-driven needs assessment on a business level.

Some criteria on how to select a market segment for BDS development are:

Gender issue

- Advocacy institutions for women choose women entrepreneurs. The Amhara Women Entrepreneurs Association, whose BDS programme is funded by the ILO, focuses on women entrepreneurs.

Sector or cluster approach

- If your organisation intends to focus on tourism development, you should select tourism related businesses, such as hotels, bars, restaurants, travel agencies and souvenir gift shops;
- If you have the intention of developing certain sectors/sub-sectors, you may focus on areas, such as wood and metal works, construction, textile or food processing;
- On technical and vocational training oriented structures, you may focus on production and service trades, such as carpenters, blacksmiths, metal workers, bakeries and barbers who may need more profound professional technical training and other business development support services;
- Export promotion related institutions choose export-import businesses (e.g. Women Exporters' Forum);
- The sector or cluster approach provides you with the opportunity of obtaining more technical expertise with regard to the activities involved. Support activities may be given to groups and similar business activities could be clustered for purposes of group discussions and the exchange of experiences.

Example of Addis Ababa City Administration

The Addis Ababa City Administration focuses on the following four sub-sectors with a potential for growth:

- Food processing, construction, textile, metal and furniture. In this case, the facilitators at a *Kebele* administration level may select enterprises from these sub-sectors and related activities.

Example of Commercial Bank of Ethiopia (CBE)

- The Commercial Bank of Ethiopia provides counselling services based on our BDS approach to its customer companies receiving credit. Most of these companies are medium and large enterprises in the construction, transport, textile sector and trading industries (for more details please refer to item 1.8).

Commercial BDS-providers

- Commercial BDS providers should rather focus on small and medium enterprises that have the financial capacity to pay for BDS and on those that have already developed a real enterprise structure with a more complex production process and an internal division of labour, with needs in management and accounting training, technical and vocational training as well as business planning.
- The size of the enterprise should be adapted to the BDS to be provided. Most of the existing micro enterprises do not have the financial capacity to be served by paid BDS. However, that does not mean that micro enterprises are to be neglected, but in most cases they have to be served by non-commercial providers and facilitating structures such as NGOs, FeMSEDA, ReMSEDA and Chambers of Commerce.

Selection of businesses on grounds of practicality:

- In order to make the facilitators' work efficient and effective, businesses may also be selected on the basis of the following criteria:
 - Businesses that are in the vicinity of the facilitators' office, in order to overcome transport problems;
 - At the beginning choose businesses with less complicated problems. Do not try to solve problems beyond your capacity or the capacity of your partners;
 - Choose a variety of business activities first, in order to obtain an overview of existing constraints in various sectors;
 - Do not choose business operators who are not willing to collaborate;
 - Do not choose business operators who are not ready for self-help initiatives and only ask for assistance and grants;
 - Do not choose businesses that encounter problems that are too complicated to solve.

1.4 Implementation methodology

In order to put its demand-oriented approach into practice, the Ethiopian BDS Network developed its own BDS implementation methodology: the 'Demand-driven Needs Assessment and Business Services Delivery'. It is a participatory method that is comprised of a situation and problem analysis, action-planning and the delivery of demand-based services to micro, small and medium enterprises (MSMEs).

The methodology is applied by MSME facilitators who are working in public, private, NGOs and self-help business support institutions. These facilitators are trained in the application of

the method. The BDS facilitator puts the method into practice by physically presenting himself/herself to the selected enterprises. The first step is that the facilitator assists the enterprise in identifying the main business problems and in proposing its own solutions. For this participatory BDS approach, it is important to involve the business operator in the situation analysis and problem identification of the enterprise.

The BDS facilitator subsequently helps the business operator to refine his/her own proposals and makes additional suggestions. In addition to that, the facilitator not only provides the business with on-the-spot advice, but also links the business to service providers (BDS providers, training centres, public agencies and financial institutions), in order to receive the necessary support for the realisation of proposals. Finally, the business operator needs to commit himself to acquiring the business support services that he and his facilitator have identified as being useful. This approach is participatory and likely to be sustainable, as it ends up being a BDS that is paid for and directly targets the core problems identified by the business operator himself.

a. Situation analysis

Every BDS facilitator visits 15 businesses and discusses their situation and main problems. The data is documented in a situation analysis overview. The problems and solutions forwarded by the business operator (refer to last column of situation overview) are then transferred to a five-month action plan.

The data included in the situation analysis matrix is not exhaustive, but may provide us an insight and idea of each of the enterprises concerned. Even in our first discussions with business owners we may make observations and obtain some information about their main problems. In the last column of the situation analysis format "Problems of and proposals by the business operator himself" can be found, where preliminary ideas about potential self-help initiatives of the business operator himself as well as additional support of the facilitator can be gathered.

As a next step, you are expected to transfer these ideas into the action-planning matrix that includes more detailed and realistic activities to be implemented. The situation analysis overview contains the following issues:

Situation of selected enterprises in.....					
Name / Activity Place / Equipment	Products and services	Supply / Sales / Clients / Marketing	Personnel / Business Management	Cost per month (Birr)	Problems identified by the owner himself and his proposals for solutions
Business 1					
Business 2					

Please refer to the example of a situation analysis on the next page
→

Situation analysis of selected enterprises (example of Bahir Dar 7/2002)					
Name / Activity Place / Equipment	Products and services	Supply / Sales / Clients / Marketing	Staff / Business Management	Cost per month (Birr)	Problems identified by the owner and his proposals for solutions
<p>1. Haji Adgo, <u>Bakery</u> <u>Location:</u> Main road, Keble 04, Tel. 200689 Room dimension 220 m² (both for production and sales) <u>Equipment:</u> Electrical dough machine (40,000 B), Firewood baking furnace, snapping machine, tray and shelves</p>	<p><u>Products:</u> Different types of bread and cakes</p>	<p><u>Supply:</u> East Africa Industrial Group in Addis. Sometimes shortage of raw materials. <u>Clients:</u> Tea rooms, hotels, restaurants, households <u>Marketing:</u> Established and known since 35 years. No advertising and has strategic location along the main road and has signboard.</p>	<p><u>Staff:</u> 2 owners (brothers) 4 labourers with education of grades 4 to 6 2 apprentices paid 2 Birr/day each. All workers without formal training <u>Management:</u> No business plan No accounting system No records of cash payments</p>	<p><u>Cost</u> Rent: 105 Br Elect. 204 Br Water 40 Br Tel 90 Br Material 11,340 Br Salaries 600 Br Taxes 420 Br Maintenance 100 Br</p>	<p><u>Problems identified by the owner himself:</u> 1. Over taxation 2. Lack of management and accounting skills 3. Market problem 4. Insufficient work premises <u>Proposals by the owner himself:</u> 1. Negotiate with tax authorities for reduced rates 2. Receive training in management and accounting. 3.1 Improve product quality, increase variety of products 3.2 Open branch shops 4.1 Lease more space for shop extension. 4.2 Modernise the baking machines (electrical).</p>
<p>2. Getachew G/Mariam <u>Shoe maker</u> <u>Location:</u> Along the main road and nearer to a market place Tel. 200498 <u>Equipment:</u> 1 seaming machine 1 sewing machine, scissors, accessories, 5 shoe models, all with a low quality</p>	<p><u>Products/Services:</u> Local and traditional shoes and sandals for men and women, Selling of imported shoes, shoe repairing</p>	<p><u>Supply:</u> Leather from Addis leather factory, plastic soles from Addis, local leather from peasants around B. Dar <u>Sales/clients:</u> Households in Bahir Dar and some visitors <u>Marketing:</u> No advertising but participated at the Expo 98 in Bahir Dar. Good location nearby main road.</p>	<p><u>Staff:</u> Owner with 6th grade; started his job in 1994. <u>Management:</u> No bookkeeping.</p>	<p><u>Costs:</u> Rent: 6 B/month (municipality) Electricity 5 Br Water 5 Br Material 520 Br Total income 655Br</p>	<p><u>Problems:</u> 1. Lack of appropriate working premises 2. Lack of equipment such as a compressor for spraying colours, wooden shoe models (m/f) 110 B each, electrical and manual sewing machines 7,000 B. 3. Lack of training for new models <u>Proposals:</u> 1. Prospect strategic location 2. Look for credit funding of no less than 5,000 B to buy equipment. 3. Technical training for models and new techniques.</p>
<p>3. <u>Axum souvenir and handicraft shop</u> Shop has several branches in Mekele, Gondar, Addis and Bahir Dar. <u>Location:</u> Along Mobil road near Ethio Star Hotel <u>Equipment:</u> Has Shelves, product displaying departments (boxes)</p>	<p><u>Products:</u> Leather products: (headgear, belts, shoes), Wood products: (statuettes, sculptures, music instruments) Silver products (rings, necklaces, ornaments) Textile products (silk, cotton) Ivory</p>	<p><u>Supply:</u> Producers in Mekele, silver from other regions, no shortage <u>Clients:</u> Individuals coming for conferences, tourists, middle men. <u>Sales:</u> Seasonal, good sales mainly in summer, few clients, three middle men <u>Marketing:</u> Participates on exhibitions and bazaars, has business cards, good display, quality products</p>	<p><u>Staff:</u> Owner (completed 12th grade) 2 family members (grade 3 and 10), No payment for family members for their work <u>Management:</u> No planning, No accounting and record keeping system in place</p>	<p><u>Costs:</u> Rent: 500 Br Electricity 15 Br Tel. 250 Br Transport 200 Br Promotion 330 Br Material 1,260 Br Income is not clear, no real records</p>	<p><u>Problems:</u> 1. High house rent and small shop. 2. High participating costs at exhibitions and trade fairs. 3. Lack of training in management and bookkeeping. <u>Proposals of the owner himself:</u> 1. Increasing selling price to cover the high costs. 2. Fairs participation with smaller stand and the arrangement of products vertically. 3. -- <u>Facilitators remark:</u> 1. Higher pricing is not a solution. It is better to improve marketing, advertising and sales (refer to action plan). 2. No proven lack of record keeping and business management skills</p>

Name / Activity Place / Equipment	Products and services	Supply / Sales / Clients / Marketing	Staff / Business Management	Cost per month (Birr)	Problems identified by the owner and his proposals for solutions
<p>4. Emebet, Almaz and Aleme, (3 women working together) <u>Men's hair dressing</u> <u>Location:</u> Nearby the main road, no signboard, has work premises with 30m² <u>Equipment:</u> Has hair cutting machines, scissors, shaving machine, heater, three barber chairs, chairs, table, mirrors, shelves for cosmetics Shop was initiated with support of the office of Women Affairs</p>	<p><u>Services:</u> Men's hair cutting with a variety of styles, Shaving services. Also some services to women, such as make up, hair curling, conditioning and colouring</p>	<p><u>Supply:</u> Working materials initially came from Addis, but are now available in Bahir Dar. Spare parts are available from local electronic shops. Maintenance by local electronic and welding workshops. <u>Sales:</u> Only 2-3 clients per day, mainly youth and children. <u>Marketing:</u> Good shop presentation, serving tea, telling friends and neighbours about services. The cost of putting a signboard along the main road is found to be costly.</p>	<p><u>Staff:</u> Three young women working in partnership, 12th grade and 10th grade complete. <u>Skills:</u> Insufficient hair cutting training for three month by a local barber. No accounting, Insufficient income (working only for daily consumption) <u>Planning:</u> Intends to change the business next year and diversify services (providing weighing scale service) and change location.</p>	<p><u>Costs:</u> Rent 6.5 Br Electricity 60 Br Water 5 Br Maintenance 8 Br Benefit: income to cover daily consumption costs, (not to be dependent on their families).</p>	<p><u>Problems:</u> 1. Shop is old and is exposed to floods and rain 2. Bad location 3. High monthly payment to the municipality for the signboard 4. Cannot afford maintenance costs of some items. 5. Lack of sufficient working capital. 6. Insufficient skills training in hair dressing 7. Cultural biases towards women barbers (men hesitating to go to a women barber)</p> <p><u>Proposals by the women themselves:</u> 1. Change the location. Obtain credit. 2. Upgrade skills training.</p>
<p>5. Tigist Tefera <u>Production of an energy saving stove</u> Tel 206421, Kebele 15 <u>Equipment:</u> three form works, cart, plywood, shelves</p>	<p><u>Product:</u> Firewood conserving stove made out of cement blocks. Appropriate technology introduced by a GTZ-project</p>	<p><u>Supply:</u> Red ash originates from the local municipality(260B/truck), Cement is sourced from local traders (40 B/sack) <u>Sales:</u> individual local food producers, bakeries, hotels. <u>Marketing:</u> Leaflet, small signboard, sales on credit, exhibitions, sales on orders</p>	<p><u>Staff:</u> Women owner having completed the 12th grade with training in stove production, three female labourers who are paid 2B per piece. <u>Management:</u> cash book. She used to plan her daily activities.</p>	<p><u>Costs/month:</u> Rent 100 Br Water 30-40 Br Tel 80-90 Br Personal 2 B per piece Transport 10 Br for cement, red ash transport 260 Br</p>	<p><u>Problems:</u> 1. Work place, production and stock at home. 2. Shortage of capital to produce in bulk and make more sales on credit.</p> <p><u>Proposals:</u> 1. Intervention at the municipality to obtain more land. 2. Credit on convenient terms.</p>
<p>6. Berhanu Jembere <u>Electric stoves and metal works</u> Tel 201004, Kebele 4</p>	<p><u>Products:</u> Electric stoves and metal products such as windows, doors, display boxes, grills.</p>	<p><u>Supply:</u> Clay from Addis, angle iron, top plane, aluminium sheets from Bahir Dar <u>Sales:</u> Clients are members of the defence forces, textile factory workers. <u>Marketing:</u> Participates in exhibitions, consults organisations and offices</p>	<p><u>Staff:</u> Owner with technical school education, 14 years of experience Three employees with 10th grade and technical know-how attained via on-the-job training. Work is carried out with eye and ear protectors <u>Management:</u> Bookkeeping exists</p>	<p><u>Costs/ month:</u> Rent 20 Br Electricity 200 Br Tel. 175 Br Municipality tax 50 Br Income tax 90 Br Personnel 700 Br Net profit 1200Br</p>	<p><u>Problems:</u> 1. Fluctuating and arbitrarily set of tax rates 2. Shortage of capital (no collateral to pledge and obtain credit).</p> <p><u>Proposals:</u> 1. Tax should be on the basis of bookkeeping. 2. Credit should be granted without collateral on the basis of business profitability.</p>

Name / Activity Place / Equipment	Products and services	Supply / Sales / Clients / Marketing	Staff / Business Management	Cost per month (Birr)	Problems identified by the owner and his proposals for solutions
7. Gettu Andarge <u>Bicycle maintenance and sales</u> <u>Location:</u> 270m ² compound, main road, Tel 201064 Set of bicycle maintenance tools	<u>Service:</u> Selling and repairing bicycles	<u>Supply:</u> Huda Abdulahi Yusuf Import and Export Company in Addis <u>Sales:</u> Individuals and institutions found locally and in the Tigray region (Shire, Axum) No specific marketing practice.	<u>Staff:</u> Owner, 5th grade, 5 technicians 5-6th and 12 th grade, 6 assistants, 1 guard <u>Management:</u> no planning, no cash book	<u>Cost/month:</u> no rent Electricity 120 Br Transport 770 Br Material 90532Br Personnel 2150Br Net profit 4062Br	<u>Problems:</u> 1. Lack of working premise. 2. Insufficient working capital 3. Market competition. <u>Proposals:</u> 1. Obtain premise from municipality with the assistance of ReMSEDA 2. Secure Loan from a commercial bank. 3. ----
8. Getahun Abebe, <u>Curtain and mat works</u> <u>Location:</u> Small shop on the main road, 6m ² 2 Sewing machines, 2 irons, scissors, table, chairs	<u>Products:</u> Curtains, shatters, mats	<u>Supply:</u> Working materials and accessories from Addis <u>Sales:</u> Institutions, hotels, households on cash basis <u>Marketing:</u> Samples provided to institutions and hotels. Business cards are being used.	<u>Staff:</u> Owner is designer and manager, tailor 12 th grade plus skills training Assistant designer: 250B 2 tailors (f) 200B 3 for finishing <u>Management:</u> Stock control sheet, receipt voucher, Pro forma	<u>Costs/month:</u> Rent 400 Br Salaries 450 Br Electricity 150 Br Transport 420 Br Maintenance 60 Br	<u>Problems:</u> 1. Small shop with high rent 2. Lack of facilities on the part of local authorities, lack of support from line ministries. 3. Insufficient knowledge of bidding procedures. <u>Proposals:</u> 1. Applies for premises for shop 2. ---- 3. ----
9. Damtie Gebeyehu, <u>Household and Office Furniture</u> <u>Location:</u> 600 m ² open compound on the main road, including show rooms <u>Equipment/tools:</u> 7-operating-machines, saws, cutters, 4 welding machines, 3 grinders.	<u>Products:</u> doors, windows, grills, shelves cabinets and wood products such as beds, doors, windows, furniture, shelves	<u>Supply:</u> wood and metal from local markets. Has some stock of metal and wood <u>Sales:</u> individual clients and offices, by order and on the spot. <u>Marketing:</u> 5 show rooms on the main road	<u>Staff:</u> Owner has 8 years of experience 30-40 workers, 5 of them female. Salaries 200, 600-1,000. <u>Management:</u> No accounting system	<u>Cost/month:</u> Rent: own working place, show room belongs to the family Elect. 200-600 Br Tel. 500-700 Br Salaries 10,000 Br Tax 1,000-1,250 Br Maintenance 4,000 Br	<u>Problems:</u> 1. No accounting system is being applied. 2. Workers and apprentices are not properly trained. 3. Bad working conditions in woodworking department (dust and noise). <u>Proposals:</u> 1. Hire bookkeeper 2. Technical training for workers and apprentices. 3. Intention is to acquire a production area outside of town and to keep the show room downtown.
10. Alemtsehay G/Medihin <u>Decoration work</u> <u>Location:</u> Kebele 06 <u>Equipment:</u> 1 Sales counting machine and 4 shelves	<u>Products/Service</u> Sale of flowers and cosmetics Car decorations	<u>Supply:</u> Cosmetics and car decorating items are from suppliers in Addis.	<u>Staff:</u> Owner and one female lady worker	<u>Cost/month:</u> Rent: 200Br Electricity: 150Br	<u>Problems:</u> 1. Lack of work premises 2. High and accumulated tax rate 3. Market problem <u>Proposals:</u> 1. Look for additional space to rent 2. Lobby for reduced tax rates and the postponement of differed amount

b. Action-planning

With the help of a situation analysis overview, the facilitator documents the situation and problems of up to 15 businesses and transfers it into a five-month action plan:

First five month action plan of.....			
Name / Activity	Problems identified by the owner himself	Proposal for action	
		Self-help initiative of the business owner	Additional support by the BDS provider
Business 1			
Business 2			

The proposed actions agreed upon with the concerned businesses should be implemented to solve the identified problems in the five-month BDS cycle. Actions that can be taken by the business owner and the facilitator themselves may be implemented without external support. For other support services BDS-providers need to be identified and contacted by the business. General information services are provided to the business free of charge, but interventions, such as business planning and the drawing up of loan applications are provided against payment.

The following action plan includes 10 businesses with their necessary self-help actions as well as the additional support of the facilitator or BDS provider, in line with the main problems mentioned in the second column.

Self-help and support activities are not always complex, however, are decisive, if the actions are realised in order to solve identified problems. Activities in the following example have been identified in the intervention fields as depicted in the action plan below:

- Representation of interests (intervention with regard to municipalities and other authorities for premises, taxes, tenders and bids as well as in administrative concerns);
- Technical and vocational training;
- Accounting and management training or simple cash book application;
- Financial intermediation, such as taking loan application measures and encouraging savings;
- Marketing activities such as advertising, brochure publication, photo documentation and information on tenders and bid procedures;
- Information on suppliers of equipment, tools and working materials.

The self-help action of the business operator and the additional support by the facilitator or other BDS-providers will be agreed upon between the business and the facilitator. In the next five months, each facilitator will have to implement the action plan and solve the identified problems. By making contacts with BDS-providers and technical training centres, the facilitator would help to solve those problems that are beyond his/her own capacity. After the BDS cycle, one month is allotted for the evaluation of the previous intervention and for the preparation of the next five-month cycle.

Please refer to the example of an action plan on the next page
→

Action plan for Business Development Services (example of Bahir Dar 7/2002)

Name / Activity	Problem identified by the owner himself	Proposals for action	
		Self-help initiative of the business operator	Additional support by the BDS provider
1. Haji Adgoi <u>Baker</u>	<ol style="list-style-type: none"> Over taxation Lack of management and accounting Marketing problem Insufficient size of work premises 	<ol style="list-style-type: none"> Negotiate with the tax authorities. Participate in training of management and accounting. Open new sales shops. <ol style="list-style-type: none"> Improve product variety and quality. Look for skilled manpower. Buy electrical stove. Lease more land. 	<ol style="list-style-type: none"> Assist the owner in discussions with tax authorities <ol style="list-style-type: none"> Assist in implementation of accounting system. CEFE training according to his market plan. Carry out a follow-up and provide advice on market problems. Assist the owner to negotiate with the administration
2. Getachew G/Mariam <u>Shoe maker</u>	<ol style="list-style-type: none"> Lack of appropriate working premises Lack of equipment such as compressor for spraying colours, wooden shoe models (m/f) 110 B each, electrical and manual sewing machines 7,000 B. Lack of training on how to develop new models. 	<ol style="list-style-type: none"> Improve the working shop to attract more customers (shelves, signboards etc.) <ol style="list-style-type: none"> Save money and open a savings account Calculate the amount of funds required for raw materials and tools, carry out priorities, contact the finance institution, fill out the loan application form and secure funding Buy the necessary tools according to the set priority Look for training facilities in new models and use of tools/equipment. 	<ol style="list-style-type: none"> Assist the owner to improve his shop by contacting carpenters and providing advice on design. <ol style="list-style-type: none"> Encourage the owner to save money Get in contact with a credit institution, attain loan procedures and assist him in the filling out of loan application forms Identify suppliers of tools/machines and provide information on prices. Identify and contact training centres or private trainers and link the owner to them.
3. <u>Axum souvenir and handicraft shop</u>	<ol style="list-style-type: none"> High house rent costs and small shop High participating costs for exhibitions and trade fairs Lack of training in management and bookkeeping. 	<ol style="list-style-type: none"> Change location with an affordable rent <ol style="list-style-type: none"> Publish and distribute posters and brochures to hotels, offices, conferences and the airport. Prepare photos and texts to be placed on the WebPages of Ethiopian BDS network Contact trade fairs and exhibition promotion agencies and negotiate a reduction in their participation fees Develop own tourist guides to bring tourists to shop Sell products via street vendors Look for funds to advertise products on media Acquire business management training . 	<ol style="list-style-type: none"> Assist the owner in the search for a strategic location <ol style="list-style-type: none"> Provide information on the printing of posters and brochures <ol style="list-style-type: none"> Look for trade fair promotion agencies specific to small-scale businesses Provide information with respect to advertising on TV, radio or in local newspapers Organise business management training.
4. Emebet, Almaz and Aleme <u>Men hair dressing</u>	<ol style="list-style-type: none"> Shop is old and is vulnerable to rain Bad location High monthly payment to the municipality for the signboard Cannot afford maintenance costs of some Items Lack of sufficient working capital. Insufficient skills training in hair dressing Cultural biases (men hesitating to go to a woman hairdresser) 	<ol style="list-style-type: none"> ---- Apply to the municipality for other opportunities of securing an appropriate location Dealing with the municipality, Women Affairs and others with regard to the financing of signboard advertising ---- ---- Look for training opportunities in men and women hairdressing Also engage in women hairdressing. 	<ol style="list-style-type: none"> ---- Assist in contacting the municipality and others for the sourcing of an appropriate location Negotiate a tax-free sign board advertisement with the municipality ---- ---- Identify public or private training institutions and link the business to them Advise the owner to have separate saloons for men and women hair dressing.

Name / Activity	Problem identified by the owner himself	Proposals for action	
		Self-help initiative of the business operator	Additional support by the BDS provider
5. Tigist Tefera <u>Production of energy saving stoves</u>	<ol style="list-style-type: none"> 1. Work place, production, sales and stock at home 2. Shortage of capital for bulk production and to make more sales via credit. 	<ol style="list-style-type: none"> 1.1 Apply to the local municipality for a better location 1.2 Set up a shelter for product exhibition. 1.3 Contact office and project employees to buy her products with an improved leaflet 1.4 Advertising her products outside Bahir Dar by means of photo documentation 1.5 Contact individuals by telephone and personally 1.6 Participate in bazaars and exhibitions 2. Apply for credit on convenient terms, in order to produce on stock and to sell on credit. 	<ol style="list-style-type: none"> 1. Negotiate with municipality for premises 1.2 ---- 1.3 Help the owner to produce leaflets 1.4 Help the owner to make a photo documentation 1.5 ---- 1.6 ---- 2. Make contact with a micro-finance institution, obtain procedures and loan formats and assist in the filling out of loan application forms.
6. Berhanu Jembere <u>Electric stoves and metal works</u>	<ol style="list-style-type: none"> 1. Fluctuating and arbitrarily set of tax rates. 2. Shortage of working capital, due to the lack of collateral. 	<ol style="list-style-type: none"> 1.1 Improve cash book and keep separate records of income and expenditure to show to tax authorities 1.2 Negotiate with tax authorities to be charged on the basis of the above records 2.1 Draw up a business plan 2.2 Open a savings account 2.3 Negotiate with banks to obtain credit on the basis of good business performance, instead of physical collateral 2.4 Improve workshop presentation. 	<ol style="list-style-type: none"> 1.1 Acquire information from the tax authorities with regard to accounting requirements and assist with the bookkeeping system 1.2 Provide assistance in negotiations with tax authorities at a reasonable charge 2.1 Assist owners in business planning 2.2 Advise the owner to open a savings account and improve savings 2.3 Establish contact with banks, obtain loan procedures and loan application forms, assist in filling them out 2.4 Assist in negotiations with banks, invite bank officials to visit the business 2.5 Provide advice on workshop organisation.
7. Gettu Andarge <u>Bicycle maintenance and sales</u>	<ol style="list-style-type: none"> 1. Lack of working premise 2. Insufficient working capital 3. Stiff market competition. 	<ol style="list-style-type: none"> 1. Identify an appropriate location from the municipality or private land lords 2.1 Improve savings 2.2 Make contact with banks for the extension of credit. 2.3 Install a bookkeeping system that is in line with the requirements of credit institutions. 3. ---- 	<ol style="list-style-type: none"> 1. Facilitate the acquisition of land from the municipality or from private individuals using brokers 2.1 Encourage more savings 2.2 Make contacts to banks, acquire loan application forms and assist in the filling out of the loan application forms. 2.3 Assist in the implementation of a standardised record keeping system.
8. Getahun Abebe, <u>Curtain and mat works</u>	<ol style="list-style-type: none"> 1. Small shop with a high rental rate 2. Lack of promotional support on the part of line ministries 3. Insufficient knowledge of bidding procedures 	<ol style="list-style-type: none"> 1. Solicit better premises from private individuals or apply to the government for a plot of land 2.1 Establish good personal contact with influential officials 2.2 Invite promotional institutions to visit the work premises 3.1 Solicit information on bid procedures 3.2 Try to meet the necessary bid requirements 3.3 Inform the Chamber of Commerce to assist in the bidding process 3.4 Try to obtain all the information necessary to win bids. 	<ol style="list-style-type: none"> 1. Advise on a selection of cost effective and appropriate rental houses 2.1 Assist in the enhancement of negotiation capacity upon talking to officials 2.2 Provide advice on the analysis of production capacity, sales situation and opportunities 3.1 Assist in photo documentation and leaflets. 3.2 Provide information on tender procedures 3.3 Organise a workshop on "How to win tenders", in collaboration with the local Chamber of Commerce and other resource persons.

Name / Activity	Problem identified by the owner himself	Proposals for action	
		Self-help initiative of the business operator	Additional support by the BDS provider
9. Damtie Gebeyehu, <u>Household and Office Furniture production</u>	<ol style="list-style-type: none"> 1. No accounting system is being applied 2. Workers and apprentices are not properly trained 3. Bad working conditions in the woodworking department (dust and noise). 	<ol style="list-style-type: none"> 1. Hire a skilled person for bookkeeping purposes and to assist in its implementation. 2. Look for training to enhance the skills of workers and apprentices 3. Improve the working conditions of workers. 	<ol style="list-style-type: none"> 1. Assist in the selection of a bookkeeper 2. Identify training centres and trainers and link training for workers and apprenticeship programmes. 3. Assist in improving working conditions by providing information on safety procedures.
10. Alemtsehay G/Medihin <u>Decoration work</u>	<ol style="list-style-type: none"> 1. Lack of work premises 2. High and accumulated tax rate 3. Market problem 	<ol style="list-style-type: none"> 1. Look for a rented house with an affordable rent 2. Contact Bahir Dar Chamber of Commerce to lobby for tax rate reduction and extension of payment of over due tax 3. Add more service outlets 	<ol style="list-style-type: none"> 1. Provide advice to the owner on selecting a premises with a good location 2. Bring all owners with similar tax problems together and create a forum, where the owners, the chamber and tax authorities discuss the problem. 3. Assist the business owner on how to make market assessments before opening other sales outlets.

c. Delivery (Implementation process)

Before getting involved in business service delivery by means of the above-mentioned methodology, a group of facilitators who are working in MSME development and self-help institutions, have to undergo training on "Demand-Driven Needs Assessment and BDS Delivery Methodology". In doing so, each facilitator will have to be provided with a to-do-list as well as the appropriate planning and reporting formats. Each facilitator then identifies 15 businesses of different sizes and various sub-sectors for the situation analysis, action-planning and business service delivery that takes up to 6 months. The first month is normally used for carrying out the situation analysis and action-planning. The remaining five months are reserved for action-oriented problem-solving interventions. An annual impact assessment carried out with the help of an external M+E consultant is recommended, in order to measure the impact of the intervention on a sample of enterprises.

1.5 Strengths of a participatory BDS facilitation approach

The major strength of this approach is that it involves the business owner in problem identification and action-planning. It addresses problems specific to each enterprise or cross-cutting problems among a group of enterprises and/or sub-sectors. Offer-oriented service delivery methods often prescribe blanket treatment, such as the provision of training whether needed or not, such as finance or new technology, whether it is the underlying problem or not. With this approach however, the business owners become the main actors and the support is only additional in nature.

When certain services develop a substantial demand and the ability of enterprises to pay for it grows. Consequently, the provision of such services would be left to commercial providers and accordingly, the transaction becomes business-to-business. Therefore, a participatory approach is more demand-oriented and can easily spill over into a process of commercial market development.

In the process of facilitating demand-driven services, policy makers can also benefit from new knowledge of identified hurdles connected to the respective rules and regulations. With the information derived from the operational level (implementing agencies etc.), the government can subsequently revisit its private sector development policies and revise certain rules and regulations.

1.6 Developing a commercial BDS market

BDS markets in developing countries are mostly underdeveloped, and this is a result of an insufficient articulation of demand on the part of MSEs as well as weaknesses in supply. MSEs are mostly not convinced of the impact these services have on their businesses. They are at times unaware of BDS availability, with many being unable or unwilling to pay for existing services. On the other hand, BDS providers mostly offer supply-driven services or services that are unaffordable for MSEs.

Therefore, in many countries there is a need for intervention to stimulate BDS market development. That means the subsidised element of the intervention needs to be of temporary nature and only support BDS transactions until the market for BDS operates alone with the help of market forces. The main aim of running subsidised BDS programmes is not to encourage MSE support institutions to engage in direct service provision, but rather to develop a market for BDS by facilitating business-to-business linkages between the demand side represented by the businesses and the supply side represented by BDS providers.

In order to do so, it is necessary to understand the existing supply of BDS from the private sector and to develop regular communication with the respective BDS providers. Developing a BDS market according to our approach includes:

- Training the staff of BDS facilitating agencies and providers in demand-oriented needs assessment and BDS delivery;
- Providing technical and entrepreneurship training to BDS providers;
- Involving private commercial BDS providers in the provision of BDS, wherever possible;
- Avoiding services delivery free of charge and targeting paid services on a cost sharing or cost recovery basis;
- Encouraging the implementation of an organised BDS system, if BDS activities are not fully developed.

To distinguish between services free of charge and those with charge is not always easy. The EBDSN felt that there is no theoretical criterion that can be applied to all situations, moreover, the decision must be pragmatic and fit the situation and the objective of further market development. Some examples in the context of Ethiopia are as follows:

- Providing a business plan format to an entrepreneur should be free of charge because it can be carried out at a very low cost and comprises more general information. However, assistance in drawing up the business plan for a loan application should be paid for, as this involves considerable costs and represents a very specific service in itself and for the entrepreneur.
- Similarly, the handing out and introduction of a simple cash book format can also be free of charge. However, for the implementation of a more complex accounting system, it is recommended that the business owner be linked to a professional accountant, especially to be able to purchase a BDS according to his specific needs.
- Information on tender, expositions and trade fairs may also be rendered at no cost, as it is a more general service and would also be hard to sell in Ethiopia. However, helping the business to participate in the market, e.g. writing a bid offer, is a service that should be paid for and provided for by professional consultants.
- In a similar way the provision of necessary information on financial intermediation and loan application forms can likewise be free of charge. However, aid to the business owner in filling out the loan application form and providing him with the necessary documents is a service for which there should be a price tag.
- Publications providing information of the business environment, such as taxation, marketing, accounting, cost calculation, export and tender procedures have been introduced in Ethiopia as a commercial service to be paid for. This is possible, because the individual price of the publication as compared to the benefits thereof is low for the entrepreneur. At the same time it would not only be costly to distribute them free of charge, but would also be a waste of resources, as many only take the publication because it is for free, to then subsequently throw it away without reading.
- Some technical or commercial on-the-spot advice may be free of charge, because it can serve as an incentive for BDS demand, and because provisional costs are comparatively low. However, technical and entrepreneurship training

is to be organised on a cost sharing or cost recovery basis, and in most cases organised by specialised training providers;

Outlook: A gradual approach towards BDS market development

As in other fields the theory of BDS market development is often more rigorous than the practice. This led the EBDSN to develop a gradual approach towards BDS market development.

As a first step which has already been achieved, BDS had to be introduced in Ethiopia as a topic and in action. Many MSEs in Ethiopia have heard of BDS now and have come into contact with BDS facilitators who emphasize the point that purchasing services may strengthen the profitability of the business. A large number of business operators got used to the idea that they have to pay for valuable information and purchased the BDS booklets published by the EBDSN.

Nevertheless, it is still a long way to go to long-term sustainability and a fully commercial market for most BDS. Today (subsidised) BDS facilitators do not only facilitate BDS, but do often provide BDS as well. This is contradictory to the “pure” theory, but proved to be a practical approach which brought tangible results. Now, it will be important to keep working on BDS market development, to keep pushing into the right direction. Only the future will show if the BDS facilitators trained by the EBDSN can develop into commercial BDS providers or if existing commercial providers take over and the facilitators can concentrate on linking MSEs and BDS providers and other facilitating activities. For some types of BDS this may never be achieved and public institutions will have their role to play for a long time.

But, what is needed today is a continuous joint effort of stakeholders in MSE promotion not only to continue to discuss the right approach towards development, but also to continue being action-oriented and try it out while keeping the strategic and long-term BDS market development objectives always in mind.

1.7 Costs of BDS implementation

Planning a BDS intervention also calls for the allocation of personal and financial resources. The Demand-driven Needs Assessment and Business Services Delivery method involves the training of facilitators by an experienced expert in the field. Follow-up efforts and support to facilitators is also essential. A minimum of one or two facilitators are to be engaged on a full-time basis, so as to have enough time at hand to pay visits to businesses, prepare action-planning and implement support via linkages to BDS providers. It is imperative that the necessary resources for staff, such as transport, office equipment, monitoring and evaluation are assured. Annex 10 provides an overview on different cost categories that generally have to be taken into consideration.

1.8 Business Development Services for medium and large enterprises

(please refer to the situation analysis and action plan of CBE, as presented in annex 5)

While most BDS experiences gathered in the context of Ethiopia have been made with micro and small enterprises, the experience with the Commercial Bank of Ethiopia (CBE) in 2003 shows that the above-mentioned BDS approach can be applied, not only for micro and small enterprises, but also for medium and large enterprises.

In order to implement counselling services to the customers of the Commercial Bank of Ethiopia (CBE), a five-day BDS workshop focussing on the needs assessment of businesses, action-planning and counselling was organised by the Commercial Bank of Ethiopia (CBE) and the MSE Project in October 2003. The objective of the workshop was to transfer BDS knowledge to the bank, in order to assist credit beneficiaries with repayment problems. By acquiring knowledge of counselling through the proposed training, the bank is expected to reap the following benefits:

- Equip the CBE customers with the appropriate business skills that are aimed at helping them improve their repayment capacity. The CBE is working in a traditional business community that runs its businesses without modern business skills. Obviously, one of the major reasons for the failure of the business community in honouring its debt repayments can be attributed to the absence of appropriate business skills involved in effectively running its business operations. Accordingly, the provision of counselling is assumed to bridge this gap.
- Pave the way towards introducing counselling services as a new product line, whilst diversifying the prevailing product portfolio. Today commercial banks are engaged in providing a wide range of other special services that are non-credit activities. To this effect, CBE could render counselling as a new line of service delivery and diversify its existing product portfolio.

The CBE situation analysis and action plan shown in annex 5 include seven companies, their necessary self-help actions and the additional support of the facilitator/BDS officer or BDS providers, according to the main problems mentioned in the second column.

Self-help and support activities do not have to be complex, but they have to fit the nature of the problems to be solved – simple problems can often be solved with simple - but targeted - activities. According to the CBE situation analysis, the following activities have been identified:

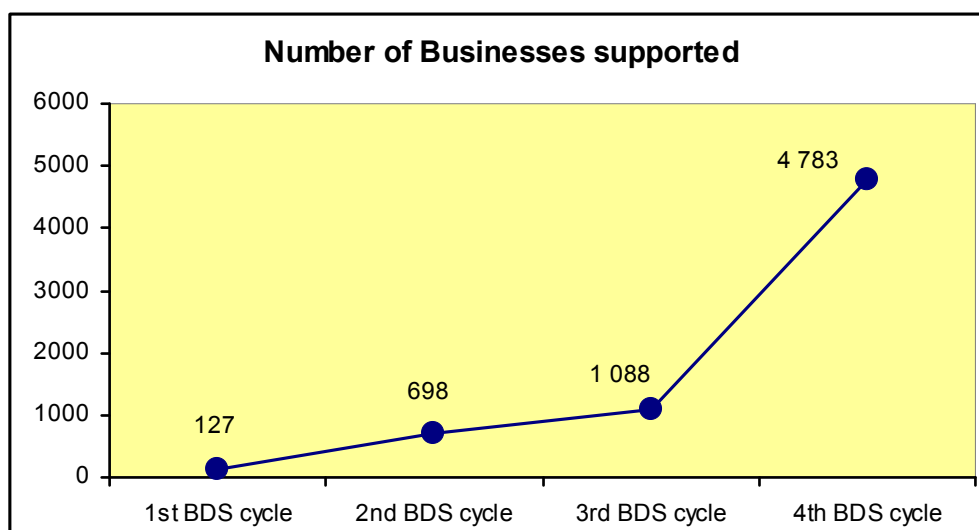
- Reassessment of financial facilities (re-scheduling repayment rates and grace periods);
- Business management: improve the accounting system, staff management, business planning and documentation for administration procedures such as export and taxation proceedings;
- Marketing: advertising, diversify product range, look for strategic location;
- Counterfeiting of spare parts by competitors, payment delays of sales on credit;
- Monopolies in the distribution of goods and transport for import-export;
- Taxation procedures such as preferences for investment activities and import of raw materials to local production;
- Technical skills training for employees.

The CBE counsellors themselves may provide some support, but some of the needed support must come through the intervention of professional BDS providers and other facilitating agencies and partners such as the Chambers of Commerce, Ethiopian Investment Commission, Import and Export Agency, vocational training centres and private consultancy companies. In the case of the CBE, some funds have to be set aside, as a certain percentage of the credit disbursed for non-financial services such as BDS.

1.9 Achievements and impact of the Ethiopian BDS Network

Most relevant in the given context are the Ethiopian BDS Network's achievements with regard to Business Development Services (BDS): Through the BDS programme initiated by the MSE project, a total of more than 9 400 businesses in Ethiopia have received services in the last two 6-months BDS cycles of 2004/05.

- 78% of the initial planning of support actions have been achieved.
- 39% of the businesses involved are trade, 35% manufacturing enterprises and 26% services.
- 51% of the business owners are female, 46% are male and 3% work in partnership.
- Most of services have been management and accounting (28%), finance facilitation (21%), marketing services (17%), access to premises (10%), entrepreneurship training (8%) and support for administrative procedures including tax problems and business registration (7%).
- 36 unemployed TVET graduates have been supported for business creation in three enterprises. They got business license, premises, loans, equipments and markets. Actually they obtained markets by their own efforts and are on a good way for sustainability.
- In the 1st BDS cycle 127 business operators have been supported, in the 2nd BDS cycle 698 businesses (+450%), in the 3rd BDS cycle 1 088 business (+56%) and in the 4th BDS cycle 4 783 businesses (+440%).



The impact of BDS services, such as training, counselling, information delivery, marketing support, linking to service providers, such as financing institutions, etc., is that 80% of the business owners of the sample study confirmed to have improved their working conditions in terms of product diversification (27%), increased turnover (67%), improved and secured premises (33%), increased income (51%) and increased employment (27%).

Since our BDS approach has induced MSE support institutions from our 3 project regions, i.e. Tigray, Amhara and Addis Ababa, FeMSEDA (Federal Micro and Small Enterprises Development Agency) is actively involved in delivering BDS training and following subsequent activities in those regions not covered by our programme. Such regions include the Southern Region, Oromia, Dire Dawa and Gambella. As a result of this dissemination strategy, our BDS approach has now been adopted across the entire country and is accepted by the respective federal and regional Ministries and Agencies. Also other donors such as ILO and EU are convinced of the effectiveness of our practical BDS approach and have contributed to its dissemination.

Other achievements of EBDSN related to BDS were:

CEFE entrepreneurship training:

- In the last project phase from 2001-2005, 323 participants have taken Training of Trainers.
- 56 trainers have taken coaching and upgrading support.
- 2 944 start-ups (47% female, 53% male) have been trained.
- 13 048 existing businesses (61% female, 39% male) have taken training.
- The sample impact study proved by interviews of former participants that 63% of start-ups have created their enterprise. 86% of the existing businesses confirmed to have solved their marketing problems.

Networking and Learning Platforms: The project has initiated networks of MSE support institutions both at regional and national levels. The network initiation is aimed at streamlining coordination, experience and information exchange, advocacy and joint activities by the different stakeholders involved in the development of the MSE sector. The network can be seen as a platform for a sustainable public-private partnership. An assessment with regard to the usage of the national network forum was carried out during the 5th National Network meeting in June 2003, in which 28 network members from government, private, non-government organisations and donor programmes were present. Of the surveyed 28 network members, 93 % responded that the network forum has enabled them to provide better services to their MSE clients.

The network forum has also played a pivotal role in the areas of advocacy to the sector. As a result, the government has currently accorded greater priority to MSE promotion next to agriculture. The impact of advocacy by means of the network is also shown in the fact that the administration of the city of Addis Ababa decentralised the ReMSEDA to sub-city and *Kebele* (lowest administrative stratum) levels, so that BDS facilitators can work in close proximity and keep frequent contact with MSE operators.

A BDS Internet portal has been created under www.bds-ethiopia.net - learning platform for the BDS network members and international agencies. The BDS portal provides information on taxation, marketing, export-import, accounting and cost calculation, business planning, association building as well as on BDS strategies, networking and lessons learnt.

A monthly e-mail based BDS newsletter is sent since May 2005 to more than 300 addressees and found a lot of words of encouragement.

Capacity Building of Partner Organizations: As per the impact study carried out in the aforementioned period, five out of the surveyed seven Partner Institutions (POs) have responded that the use of our instruments for organisational development has significantly increased their capacity of discharging their MSE promotional activities, such as the delivery of BDS to businesses. This implies that there is a 71% success rate in the area of organisational development. As it stands now, there are more POs using our instruments for organisational development. Presently, 17 MSE support institutions within the partner regions are applying our method, as compared to only seven institutions during the period of time in which the previous impact study was carried out.

- Continuous follow-up to improve the management procedures, effective planning and reporting and documentation has been made by the project staff.
- A checklist for organizational development has been introduced.
- The Chambers of Commerce have been supported for the publishing of their webpages www.ethiopianchamber.com and www.adamachamber.com. The webpages generate income by advertizing companies and give business information services on taxation, business registration and arbitration.

- The project's BDS information booklets have been re-printed by the chambers and are on sale for own profit. Some booklets have been translated in Amharic.
- About 20 heads of Partner Organisations (ReMSEDAs, Sub-cities) have been introduced to the BDS approach in a one day workshop and help us to multiply our BDS efforts.
- Women Entrepreneurs Associations are bringing about changes to their members through BDS delivery and concerted advocacy efforts. The Amhara Women Entrepreneurs Association (AWEA) can be cited as one that implemented our BDS approach and attracted more members after providing services. It also captured the attention of other donors, such as ILO, USAID, SIDA who started to provide some support in terms of budget and equipment.

1.10 Ten BDS-Success stories



Production of hollow-blocs

Problem:

- Construction graduate without a job;
- No start-up capital;
- No working premises.

Support provided for by the BDS facilitator:

- Municipality provided land for production;
- A link to micro-finance was made and the graduate got credit;
- A link to the Selam technical centre was made, in order to buy a hollow-bloc machine;
- Entrepreneurship training provided;
- Market-link to the municipality for the sales of blocs for public toilets as well as other opportunities;
- Minimising costs by using waste water from the hill.

Impact:

- Owner became self-employed;
- 12 workers were employed;
- Due to low production costs, good quality and marketing support, income is good.



Car wash cooperative, Mercato area, Addis Ababa

Problems:

- 12 unemployed 12th grade finished students looking for job;
- No business idea;
- No start-up capital;
- No working premises.

Support provided for by BDS facilitator:

- Supported business idea generation;
- Organised the 12 unemployed into a cooperative;
- Municipality provided premises and cleaned space;
- They were linked to micro-finance and received credit;
- They were linked to suppliers, in order to buy equipment and build premises;
- Provided assistance in opening a car wash and a shop for oil and other accessories;
- Record keeping procedures and skills were provided for.

Impact:

- 12 cooperative members employed.



Food processing women cooperative, Mercato - Addis Ababa

Problem:

- 22 women without regular jobs;
- No start-up capital;
- No premises.

Support provided for by BDS facilitator:

- Organised them into a cooperative;
- Municipality provided space for production;
- They were linked to micro-finance and received credit;
- Shop was built by the women;
- Savings were encouraged and equipment for weddings and events were organised;
- Market link to public institutions, such as Kebeles, sub-city agriculture office for sales.

Impact:

- 22 women employed with regular wages;
- Based on sales and savings, business is to be extended and more workers will be employed;
- Assets have grown (facilities for cooking and food/beverage services).



Municipal garbage collection

Problems:

- 137 unemployed youth (90% women);
- Cleaning jobs despised;
- Cleaning services in short supply;
- Lack of start-up capital and accordingly working facilities.

Support provided for by BDS facilitator:

- Organised the 137 youth into two groups of cooperatives;
- Raised the awareness of the youth to accept cleaning jobs as any other jobs;
- Credit facilitated by linking them to a micro-finance institution;
- Linked to 1,200 households for marketing the cleaning services.

Impact:

- 137 jobs secured with regular income;
- Residents of Addis Ketema receiving cleaning services;
- 1,200 clients are paying 3-20 Birr/month each for the service to the cleaning cooperatives;
- Members want to expand their activity with heavy duty transport facilities.



Oil Mill, Gonder

Problems:

- Tax burden during plant commissioning;
- Short maturity of loan from bank;
- Premises.

Support provided for by BDS facilitator:

- Assisted in tax relief worth 16,000 Birr;
- Helped the transfer to another bank with longer repayment periods;
- Changed the business site on advice of the facilitator.

Impact:

- Tax relief resulted in more savings;
- Managed to hold increased raw materials stock at lower prices, as repayment is of long maturity;
- Managed to increase production, and in doing so, sales and income.



Food and spices, Bahir Dar

Problems:

- Market problems due to overpricing, unattractive product presentation, poor packaging and small product range;
- Overspending and the mixing of business income with income from other sources, due to the absence of records.

Support provided for by BDS facilitator:

- Facilitated the participation in trade fairs for purposes of networking, gaining experience and market promotion;
- Business owner was coached on keeping records, pricing, product diversification, shop organisation and advertising.

Impact

- Expanded product range by including spices and other processed food items;
- More customers, better sales and accordingly more income secured after the BDS intervention.



Metal works, Bahir Dar

Problems:

- Poor business management;
- Lack of record keeping skills;
- Over taxation.

Support provided for by BDS facilitator:

- Assistance in the attendance of business management training;
- Provision of record keeping formats and on-the spot training;
- Organisation in an association for advocacy regarding tax and other policy related problems.

Impact:

- Reorganisation of the enterprise based on the knowledge secured from three training sessions organised on behalf of the facilitator;
- Due to increased profits attributed to improved business management know-how, three more workers were employed and new equipment was bought.



Video, audio and computer service provider, Mekele

Problems:

- Limited skills in business management;
- No savings;
- Poor business location;
- Insufficient working capital.

Support provided for by BDS facilitator:

- On-the-spot counselling and linkage to training providers for business management;
- Supported a change of the business site;
- Encouraged the opening of a savings account;
- Facilitated access to loan.

Impact:

- Business diversified;
- Savings increased;
- Created employment for one person;
- Business assets increased by Birr 12,000.



Metal works, Gonder

Problems:

- Lack of finance;
- Lack of appropriate premises;
- Poor market.

Support provided for by BDS facilitator:

- Facilitated access to credit;
- Changed business site on facilitator's advice;
- Assisted in winning tenders.

Impact:

- Expanded business;
- Employed three more workers;
- Increased income.



Wood and metal worker, Adigrat

Problems:

- Limited skills in business management;
- Limited skills in metal and wood works;
- Limited skills in product diversification;
- Insufficient working capital;

Support provided for by BDS facilitator:

- Business training and on-the-spot counselling;
- Access to technical training;
- Access to credit;

Impact:

- Income improved;
- New product added;
- New tools/equipment purchased;
- Created employment for six people.

2. Training Workshop on BDS Implementation

2.1 Action-oriented training methodology

The workshop programme is based on a mixture of theory and practice as well as on learning-by-doing. The participants are trained for their future function as facilitators for BDS, both providing basic support to MSEs on their own and facilitating the intervention of commercial and non-commercial BDS providers as well as other agencies. After a general introduction to participatory demand-driven BDS, participants have to be prepared for paying visits to businesses and carrying out discussions of their situations, main problems and proposals for solutions. After the field experience, participants write down the situation analysis overview of 10-15 local micro and small enterprises and transform it into a five-month action plan. Practical issues regarding interview techniques, the selection of businesses and documentation of results have to be discussed. After the business operators' needs assessment and action-planning, participants in working groups list commercial BDS providers, NGOs, vocational training centres, micro-finance institutions and facilitating agencies within their regions. These institutions and organisations should further be involved in the implementation of Business Development Services. The last day of the workshop has to be reserved for discussions on the topic "Improve Your own Structure (IYS)". Participants will be introduced to developing their own organisation, to improve its presentation, planning, documentation, evaluation and services to businesses.

2.2 Capacity building on the demand-driven BDS approach

2.2.1 Introduction by means of photo documentation and PowerPoint presentation

The introduction to the BDS approach should be illustrative and has to include examples and photos and not be too theoretical – which simply bores most participants. Therefore, you should start with a photo presentation of BDS case studies. These case studies illustrate our approach of demand-driven situations and problem analysis, action-planning and implementation (*refer to examples in chapter 1.10 and in annex 3*). As an alternative the experiences made by the trainers themselves may be presented by way of photo documentation or a short field visit to 3 businesses in the morning of the first workshop day.

After the photo-based introduction, a general reflection on the demand-driven needs assessment and BDS delivery method may be necessary. For that purpose, trainers can use the already prepared PowerPoint Presentation on demand-driven BDS (*refer to references and annex 4*). If a beamer is not available, this presentation may be printed out and copied for every participant before the workshop starts (*print out annex 4*). The PowerPoint introduction provides an overview on the following topics:

- How to put BDS into practice?
- Permanent dialogue with MSE operators.
- How to talk to MSE operators?
- Interview guidelines (issues to be covered in the interview)
- What is behind the problem of "lack of finance"?
- Situation analysis overview.
- Action-planning.
- Types of services to be provided.
- Training courses or on-the-spot advice?
- Examples for on-the-spot advice.
- Steps for the development of MSE self-help organisations.
- Market orientation of Business Development Services.

- Examples of paid Business Development Services.
- The Business Services delivery cycle.
- Implement the 5-month BDS cycle.
- Report on 5 months of BDS delivery.

The participatory demand-driven BDS approach is based on the following principles:

- The business operator is the main actor; BDS facilitators' activities are only complementary to the self-help action of the operator.
- Demand-driven BDS are based on a regular dialogue. Questions must be asked in an open manner without leading the interviewee with leading questions to those answers and proposals that are already expected by the interviewer. Only then are the identified BDS strictly based on the operator's demand.
- Encourage the operator to express his problems and proposals.
- BDS should be market-oriented with at least cost sharing and cost recovery arrangements at the initial stages. When the BDS market is further developed they should be transacted on the market, as is the case with any physical commodity or service.

The implementation steps involve:

Selection of businesses:

As already explained under chapter 1.4, the selection of businesses is not based on narrow criteria, but depends on the fields of intervention, priorities and services provided by the concerned agencies. Practical criteria aimed at making the work more efficient for the involved facilitators may also play an important role (*details/examples refer to chapter 1.4*).

Regular visits to businesses

After the selection, businesses should be regularly visited; your concern should be communicated to business operators and regular discussions with respect to their situation and main problems should be held. Discussions should be held without posing leading questions and in a relaxed atmosphere. The business operator should be encouraged to identify his main problems and provide proposals for their solutions by himself. That means that the facilitator at the initial steps keeps his observations and opinions to himself, and communicates them to the MSE operator only at a later stage. This enables him to capture a non-influenced opinion of the business operator.

Situation analysis and action-planning

After the visits and discussions to business operators, the facilitator should document the data and results in a situation analysis overview. Allocating 15 businesses for each facilitator for a six-month BDS cycle is recommended. Problems and proposals of businesses should be sufficiently detailed to formulate concrete ideas with regard to actions to be undertaken and services to be provided. The phrase, "Needs technical training" is too general: What are the main technical problems in his activity? What are the prior issues that need to be addressed? A good and detailed example of this could be: "Shoe maker needs new wood models for new shoe models and the respective training for this new model."

After the situation analysis, we transform problems and solutions to the action-planning matrix and into the columns "*Self-help action of the operator himself*" and "*Additional support by the BDS provider or facilitator*". This action-planning matrix should present the joint consensus-based findings of the BDS facilitator and the business operators.

Implementation of Business Services Delivery

Once the action-planning is finalised, the implementation phase starts. The facilitator himself can provide simple advisory services, such as introducing a cashbook, providing information on access procedures to credit or providing relevant market information. For other, more complex services such as technical and vocational training, management training or the development of an advanced accounting system it needs to link the businesses to commercial BDS providers, vocational and technical training centres, NGOs or facilitating agencies. The necessary interaction with the municipality, to authorise – for example – the allocation of a working premise; or with financial institutions or other authorities to obtain other services should be undertaken by the business operator himself. The facilitator may accompany the business operator to these interactions. Problems that are common for many businesses can be discussed in entrepreneurs meetings, which can eventually evolve into business networks or associations.

Evaluation and documentation

The M+E system on the facilitator's level should not be too complex. A complex and more organised M+E system should be reserved for larger development projects and organisations that have the required resources and experience.

The minimum the facilitator should do is to record the services to be implemented. For this type of activity monitoring, we recommend that a report covering the five-month BDS cycle is drawn up. Periodical 6-monthly meetings with some of the businesses involved can be organised by the facilitating agencies. These meetings help to monitor the impact on a higher and aggregated level: The implementation of the complete BDS programme can be assessed using a simple SWOT analysis (strengths, weaknesses, opportunities, threats) and group discussions.

Communication and Visualisation

Communication: All documents (situation analysis overview, action-planning, reports, and statistics) should be kept for further distribution to your colleagues and for publishing on the Network webpage, in order to share experiences. Yearly meetings of all actors concerned may also be useful for sharing experiences.

Visualisation: Overviews, planning and performance results, success stories with business pictures should be posted on a notice board in your office, in order to visualise and provide visitors with an immediate idea of your work.

2.2.2 Introducing situation analysis and action-planning

After the general introduction, a question and answer discussion should be initiated to instil concept clarity among participants. The situation analysis and action-planning should then be discussed in detail. The Bahir Dar situation analysis and action-planning (*refer to 1.9*) may serve as an illustrative example for MSEs. If you target medium-scale enterprises, take the situation analysis and action plan of the Commercial Bank of Ethiopia as an example (*refer to annex 5*). With the help of these documents, participants will receive a very concrete idea of what is meant by a situation analysis.

The situation analysis formats used in the MSE Project are suitable to cater for 10 to 15 enterprises. The participants structure the analysis into columns with the following subjects:

- Name, activity, location and equipment.
- Products and services.
- Supply, sales, clients and marketing.
- Staff; Business management.

- Estimated costs per month.
- Problems identified by the owner himself and his solution proposals.

After finalising and writing down the situation analysis, an action plan is to be drawn up. The action plan starts on the basis of the last column of the situation analysis – “*problems and solutions*” and is structured according to the following subjects:

- Name and activity of the owner.
- Problems identified.
- Self-help initiative of the business operator.
- Additional support on behalf of the facilitator or BDS provider.

The methodology on how to carry out the situation analysis and action plan should be discussed in detail, in order to prepare participants for the field exercise. While paying visits to businesses during field assignments, the facilitators will have to follow the same procedure of needs assessment and action-planning.

2.2.3 Field visits to businesses

In preparation for the visits to the businesses, the participants are organised in groups of two persons each; e.g. with 20 participants you will have 10 groups. Every group internalises the interview guidelines (issues to be covered in the interview, *refer to annex 4, PowerPoint presentation*, using one card for each topic). Equipped with these cards they visit the businesses and note the information that was gathered during the interview. Transport for the visits to the businesses has to be organised at least one day before the field survey. The field survey may be carried out in one morning or afternoon, all depending on the workshop timetable.

Lessons learnt on field visits:

- Do not suggest solutions on the first visit to the business! First listen and observe, think about the results of the first interview and in the second or third run try to discuss and suggest further activities.
- Do not suggest solutions and actions that are too far from the business operator's experiences and level of knowledge; e.g. a shoe repairer working in a narrow corrugated iron sheet workshop, does not really need a "business and management training". For such a business operator, would it not be better to introduce a simple cashbook and encourage him to save more?
- Not every micro-enterprise really needs a business plan. Some specific advice for some specific problems may be more reasonable.
- Do not try to sell your prefabricated offer on training courses, e.g. CEFE, Start Your Business (SYB), Improve Your Business (IYB) and accounting training to every micro-enterprise. We are not against training courses, but tailor-made training courses or on the spot advice may often have a better impact than standard training.
- Do not select complex enterprises or co-operatives in your first BDS cycle. The situation and problem analysis for these structures are often too complex and the findings of appropriate solutions and actions often too difficult.

2.2.4 Drafting the final situation analysis and action plan

After the field visits, the participants have to copy their notes that are often in bad handwriting onto fresh cards and formulate the information into clear statements. The fresh cards are then pinned on the soft board. Therefore, the trainer must prepare the soft board for the situation analysis in advance.

The obtained information should be discussed in a step-by-step manner and all deficiencies carefully identified. The most frequent mistake made by the participants is that they do not detail the problems and potential solutions raised by the business sufficiently enough. For example, the statement "Financial problem" is not a helpful piece of information: More important is the cause of the financial problem. Why is there lack of finance? What is the purpose of the loan? Often we may discover a different underlying problem, which subsequently turns out not to be finance, but bad management or a bad market situation. Similarly, "Needs training" is not sufficiently specified as a recommended action: What kind of technical problem does the business operator have and what specific training does he need?

After discussing the situation analysis overview and its deficiencies, participants should go out for a second visit to the businesses, in order to improve the quality of the data. After refining the situation analysis, the overview can be transferred into an action plan. Here, the most frequent mistake made is that the mentioned self-help and support activities are not concrete enough to be operational. "Organise vocational training" is not a clear statement: What kind of specific training is needed? Nobody needs general vocational training, what is needed is – for example – training in the maintenance of tools, in accounting, or on how to improve the product quality of specific products.

Only if these issues are specified in the situation and problem analysis, will we receive specific data for specific actions.

2.2.5 Management tools for facilitators and organisational development

The workshop not only enhances the BDS facilitator's capacity to deliver BDS facilitation, but also the capacity for improved management. The management tool applied in this context is the "*Folder Method*". Folders may be introduced to each of the facilitators and also to the institution involved.

Each of the trainees receives an office folder that is divided into different sections. The trainees have to fill these sections with the respective documents. The sections include:

- Mission and objectives of the organisation/institution;
- Fields of intervention and services;
- Leaflet or presentation brochure;
- Five-month action plan for your activities and services to businesses;
- Records on delivered services to businesses;
- Five-month activity reports;
- Job description of each of the facilitators;
- List of partner organisations in your region and (facilitating agencies, BDS providers, training centres, micro-finance and finance institutions, business associations) and services;
- Statistics and sector studies of your region.

The folder helps the trainee/institution in organising himself/itself. Secondly, it can serve as a presentation folder for interested visitors from other business development institutions, donors or other organisations. If the trainee/institution is unable to fill every section of the

folder, this is a clear indication that there is a need for organisational development. In some cases the institution will only need to clearly spell out its mission and objectives, which will already help it to focus its activities. In other cases the problem might be more fundamental, e.g. the institution does not deliver any services and even lacks the qualifications. Then a more complex intervention is needed and outside help might be required.

If the folder has been successfully filled, then we can conclude that the institution is up-to-date with its documentation and activities. But if some items are missing (e.g. services provided to businesses), we can then conclude that those activities are not being performed or services have not been delivered, and as a result an intervention should be undertaken. Therefore, the folder aids the facilitators in self-organisation and is a compiled presentation for visitors, such as partner organisations, donors and other interested institutions and organisations.

2.2.6 Introducing the BDS Network webpage

The Ethiopian BDS Network webpages www.bds-ethiopia.net and www.start-your-business.net have to be introduced to the participants.

The following publications are available in major bookshops of Addis Ababa and the above-mentioned webpages should be used by the facilitators and advisors when directly working with the businesses: information booklets on tender procedures, import-export procedures, trade fairs and exhibitions, banks and micro-finance institutions with loan terms, market information, standards and quality as well as formats, such as a cashbook and business plan are available in both English and Amharic.

The above-mentioned webpages also contain information on approaches, methods, lessons learnt, a library of BDS, studies on organisational development, sector studies and profiles of those member organisations that contribute to the development of the MSE sector in Ethiopia.

2.2.7 Distribution of BDS formats and workshop report

At the end of the workshop, the following documents should be handed out to the participants:




- The necessary formats for planning and reporting: (i) situation analysis, (ii) action plan, (iii) activity report (in hardcopy and electronic versions);
- The formats for businesses in English and Amharic: (i) cashbook format, (ii) sales on credit, (iii) raw material inventory, (iv) records on maintenance services, (v) cash sales tickets, (vi) cash-flow statement, (vii) profit and loss statement, and (viii) business plan,

The participants (the future BDS facilitators) should also receive BDS publications for the necessary information on the business environment (*refer to annex 14*).

After the training, a final workshop report has to be produced and distributed, including a list of participants, the workshop programme, the results of the field exercise (situation analysis and action plan carried out by the participants) and the necessary formats.

2.2.8 Workshop evaluation by the participants

At the end of the workshop, participants fill out the following evaluation format. For each of the criteria a tick in one of the three columns is made. The evaluation sheets collected from the participants will have to be consolidated and the results published at the end of the workshop.

Final evaluation of the BDS workshop			
Criteria	 Happy	 Indifferent	 Unhappy
1. My performance within the workshop and my results			
2. Quality of distributed documents			
3. Learning-by-doing			
4. Moderator			
5. Fulfilment of my expectations			
6. Am I able to put the BDS experience into practice?			
Total			

2.3 Preparation for a five-day BDS training for facilitators

Some necessary preparations have to be carried out before the workshop starts and also for every individual workshop day. Most of the preparation activities should be finished before the beginning of the workshop. Here is an example of training for 20 participants:

Tasks of the trainer to be undertaken before training:

- Take a look at the webpage www.bds-ethiopia.net to obtain all information on the services available.
- Prepare the programme sheet x 20.
- Provide samples of the BDS publications of the Ethiopian BDS Network.
- Prepare a participants list.
- Prepare all documents for the training x 20.
- Prepare situation analysis and action plan formats on the soft board (use cards of differentiating colours for each MSE operator).
- Produce a photo presentation on former BDS cycle experiences on the soft board.
- Prepare all metaplan card boards (card boards for situation analysis must be cut shorter because of limited space for the 6 columns of the overview table) and materials as craft paper for soft boards.
- Select businesses for the field visit and inform them of the date of the field visit, usually the second day of the workshop. (You need to find 1 business for every two participants and 2 businesses in reserve – in the example it would be 12 businesses for 20 participants.)
- Cars must be available on the second day of the workshop from 13h on.

Tasks of the trainer - first day:

- Prepare the room in time before the start of the workshop.
- Reconfirm visits to businesses.

Tasks of the trainer - 2nd day:

- Write the “interview guidelines” (issues to be covered in the interviews) on the soft board (*refer to PowerPoint presentation in annex 4*). The participants will have to copy them and prepare their notes for the field survey.
- Organise field visits to businesses.
- Prepare 20 floppy disks (one for each participant) with situation analysis, action plan and activity report and the formats for businesses.

Tasks of the trainer - 3rd day:

- Analyse the situation analysis overview produced by the participants after the field visit and identify weaknesses.
- Explain the results to the participants, aiming at improving data by means of a second visit on the next day.

Tasks of the trainer - 4th day:

- Soft board for action plan must be prepared.
- Enough card boards and markers must be available.

Tasks of the trainer - 5th day:

- Organise the BDS implementation and discuss a time-frame.
- Provide every facilitator with a floppy disk containing the necessary formats.
- Keep the situation analysis and action plan cards and transfer them onto a computer to document the workshop results.

3. Next steps to BDS implementation

3.1 Organising a BDS cycle

A BDS cycle consists of a one-month preparation period and a five-month implementation time. The main work to be carried out in the preparation phase is the needs assessment by means of the situation analysis and the subsequent development of the action plans.

As a next step new BDS facilitators need to be instructed on how to put the workshop experience into practice. Not every problem can be solved immediately and directly by the facilitator and the business owners themselves. So, they have to identify business service providers, such as training centres, professionals, accountants, specialised NGOs and development agencies that may assist them in solving the problems. One of the main activities of the facilitators is to link the business owners to BDS providers who can offer the required services that address the identified problems. BDS providers, development agencies, NGOs and training centres should be identified and contacted by the facilitators in every region to discuss possibilities of collaboration.

Participants should be prepared for the BDS implementation as follows:

- One month for visits to businesses, drafting of the situation analysis and action plan, contacting some BDS providers and training centres for further collaboration;
- Five months for action-oriented BDS delivery and problem-solving.

Every six months a new set of 15 enterprises will have to be identified for the next BDS cycle by each of the facilitators.

Table: Two BDS cycles of 6 months each

1	2	3	4	5	6	1	2	3	4	5	6
Preparation month	BDS delivery					Evaluation Reporting		BDS delivery			
						Preparation of next cycle					

3.2 Cost calculation for BDS implementation and time needed

When planning to run a BDS cycle with, for example, 10 to 30 facilitators addressing 150 to 450 entrepreneurs, the required budget will have to be calculated in advance. Important budget positions are (*refer to annex 10 for details*):

- Training sessions and workshops (trainer, materials, per diem, lunch, rooms).
- Situation analysis and action plan writing and documentation (stationery).
- BDS implementation with field visits and follow-up meetings (staff, transport, communication).
- Documentation and evaluation (transport, communication, stationery).

These financial implications should be discussed with the decision makers of the organisations and institutions involved. Apart from these important financial aspects, it should

also be clear to the decision makers that the BDS facilitators will have to have sufficient time for the BDS facilitation activities. If they are overloaded with other assignments they will simply fail. BDS facilitation is a full time job!

3.3 Introducing a follow-up system

Follow-up systems are absolutely necessary! Do not organise training sessions without a subsequent follow-up! If an institution has more than 10 facilitators in one region, it should assign one person for the follow-up of the other facilitators ("follow-up expert"). The task of the follow-up expert is to advise the facilitators on how to improve their situation analyses and action plans. Only actions that are realistic and can really be implemented should be listed in the action plan. Actions must be concrete enough for implementation. After two months, the follow-up expert should analyse the implementation rate of the initially identified support actions in the action plan. If there is deficiency within the implementation, the follow-up expert should undertake measures to support the facilitator. An implementation rate (actions implemented/actions planned in the action plan) of 60% should be the minimum.

If you remain with a large number of businesses whose action plans have not been completed during a BDS cycle, you should assign one facilitator to complete the planned actions. The other facilitators then select a new sample of 10-15 businesses each and work with them in the new cycle.

3.4 Monitoring and Evaluation (M+E)

After the five-month BDS cycle every facilitator has to prepare his five-month activity report (*refer to annex 9*) and send it to the follow-up expert. The follow-up expert consolidates the activity reports into one final report that covers all activities of the respective institution during the entire BDS cycle. The final report should be comprised of statistics on the rate of implementation, the type of businesses supported, the composition of gender as well as short descriptions of the problems encountered by the facilitators and recommendations for the next cycle.

In order to introduce a basic monitoring and evaluation system (M+E) of the BDS cycles, the institutions involved should collect and analyse the following data for activity and impact monitoring:

Activity monitoring:

For activity monitoring it would be sufficient to produce general overview tables for BDS with the following data (*refer to examples of tables in annexes 11 and 12*):

If CEFE entrepreneurship training constitutes a part of your BDS services:

- The number of participants gender disaggregated; start-ups and existing businesses must be included;
- Addresses and telephone numbers of participants for further follow-up.

Business Development Services (BDS):

- Collect the situation analysis overviews and action plans of every BDS cycle;
- Collect the five-month BDS activity reports;
- Produce an overview of those BDS activities achieved: Number of businesses supported by gender and sectors;
- Types and ranking of services provided (e.g. marketing support, technical training, access to finance, etc.).

Impact monitoring:

Local organisations should not be expected to organise a high level international project impact monitoring system!

Organise periodic group discussions (every six months or once a year) with randomly selected start-ups and existing business owners who had access to BDS support and discuss:

- Whether the BDS support did help to improve their businesses (e.g. diversified products/services, premises secured, savings increased) or increase income?

Use a simple SWOT analysis to acquire an analytically more refined picture, which helps to improve your BDS support in the next cycle (*refer to sample for SWOT analysis in annex 13*):

If CEFE entrepreneurship training constitutes a part of your BDS services:

- Did the start-up CEFE participants create their businesses or not? (make phone calls for a sufficient sample of former participants);
- Did the business owners solve their problems with the help of CEFE training? (group discussion);
- Did they stabilise/improve their incomes or businesses with the help of the CEFE training?

Business Development Services (BDS):

- Did the BDS support help to improve the business (e.g. diversified products/services, premises secured, savings increased) or increase income?

Staff and management requirements for M+E

- Assign an M+E expert who is responsible for supervising that all documents are put into an M+E folder!
- The BDS follow-up expert should regularly deliver all necessary documents to the M+E expert.
- Compile all activity data in an M+E folder to make the follow-up and analysis of activities easier.

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www.bds-ethiopia.net

Ethiopian BDS Network (EBDSN)

www.start-your-business.net

Toolkit on How to Start and Improve Your Business

www.tvet-ethiopia.net

Technical and Vocational Training in Ethiopia

www.addischamber.com

Addis Chamber of Commerce

www.ethioexport.org

Ethiopian Export Promotion Agency

www.investinethiopia.org

Ethiopian Investment Commission

www.qsae.org

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Ethiopian Business Development Services Network

Example of Training of Trainer on Business Development Services (BDS)

Two days training

The programme is aimed at enabling the participants to train more BDS facilitators within their regions and to organise regular follow-up meetings. The trainers need to have experiences from former BDS cycles.

1. Day, date

9h00	Welcome and presentation of the programme
9h30	Presentation of a five-day action-oriented training programme for facilitators (<i>refer to annex 2</i>)
10h00-10h30	Tea break
10h30-12h30	Each of the five days programme topics will be discussed in detail: <ul style="list-style-type: none">• How to write a situation analysis?• How to write an action plan?• What is demand-oriented and participatory?• How to organise field visits to businesses?• How to organise semi-structured discussions with the owners?• How to identify demand-oriented needs and proposals of actions?• Documentation in a situation analysis overview• Documentation in a five-month action plan• Identify partner organisations and BDS providers in your region• Identify TVET centres in your region. <p>Which preparatory tasks have to be carried out every day by the trainer?</p>
12h30-14h	Lunch break
14h-15h	Didactic materials and methods: <ul style="list-style-type: none">• How to prepare the situation analysis overview on a soft board?• How to prepare the action plan overview on a soft board?• How to prepare the metaplan cards?• Formats and time-tables on CD.
15h-15h30	Tea break
15h30-16h	Documentation of the five-day workshop results <ul style="list-style-type: none">• Keep all cards for documentation• Input the results into your computer• Visualise the follow-up efforts on your office wall
16h-17h	Open discussion

2. Day, date

- 9h-12h30
 - Discuss existing situation analysis and action plans.
 - Consider the pros and cons.
 - Discuss the possibilities of problem-solving for each of the BDS topics and obtain more information on each of the topics:
 - Taxation, finance, export, vocational training, tenders, marketing, accounting, working premises, trade fairs, investment promotion etc.
 - Show information services on the BDS webpage as well as print-out brochures.
 - Discuss issues related to collaboration with private commercial BDS providers and possibilities of paid BDS.
- 12h30-14h Lunch break
- 14h-15h How to organise the next BDS cycle and follow-up facilitator meetings:
 - Respect the time-table:
 - 1 month for drafting the situation analysis and action plan.
 - Five months for BDS delivery and action plan.
 - Assign follow-up experts, if an organisation has more than 10 facilitators.
 - Organise regular visits to the facilitators on a zonal level.
 - Organise quarterly facilitators' meetings for the exchange of experiences.
 - Prepare an interim progress report on the on-going BDS cycle.
 - Obtain the facilitators' reports and compile the five-month activity report at the end of the BDS cycle.
- 15h-15h30 Tea break
- 15h30-16h Cost calculation of the BDS activities
 - What are the necessary components for financing the BDS implementation?
 - What is the optimum time needed for a facilitator to run BDS?
 - Do all facilitators have the necessary time to fulfil their BDS tasks?
- 16h-17h Preparing the next BDS cycle
 - Time-table
 - Regions and zones involved
 - List of facilitators by region
 - Selection criteria for businesses involved
 - Number of enterprises supported by one facilitator.

Standard Programme on BDS training for facilitators

Five days from to.....

1. Day, date

9h	Welcome and introduction of participants
9h30	Programme presentation
10h00	Case studies of businesses and BDS
10h30	Tea break
11h	<p>General introduction to participatory BDS facilitation <i>(please refer to annex 4)</i></p> <ul style="list-style-type: none"> • How to put BDS into practice? • Permanent dialogue with the business owners • Situation analysis overview • How to talk to the business operator? • Interview guidelines • What is exactly behind the problem of a "lack of finance"? • Action-planning • Services provided (give own examples) • Training courses or on-the-spot advice? • Examples for on-the-spot advice • Steps involved in the development of MSE self-help- organisations • Market orientation of Business Development Services • Example of paid Business Development Services • The Business Services Delivery Cycle (BDS cycle) • Implement the BDS cycle for five consecutive months • Five-month report on BDS delivery
	<hr style="width: 20%; margin: auto;"/> <p>12h30 Lunch</p> <hr style="width: 20%; margin: auto;"/>
14h00	Presentation of the situation analysis format <i>(on a soft board)</i> Presentation of the action-planning format <i>(on a soft board)</i>
14h30	Discussion of situation analysis and action-planning (for MSEs, use the example of Bahir Dar)
15h30	Tea break
16h00	... discussion on situation analysis and action plan
17h30	End

2. Day, date

09h00	Field preparation for the afternoon <ul style="list-style-type: none"> • Forming of groups • List of businesses to visit • Preparation of survey materials and guideline cards
	<hr style="width: 20%; margin: auto;"/> <p>12h30 Lunch</p> <hr style="width: 20%; margin: auto;"/>
14h00	Field survey

3. Day, date

09h00 Drafting the **situation analysis overview...** (*on soft boards*)

12h30 Lunch

14h00 Presentation and discussion of the results...

15h30 Tea break

16h00 ... presentation and discussion of the results

4. Day, date

09h00 Obtain more information in the field (improvement of data)

11h00 Improve the situation analysis overview

12h30 Lunch

14h00 Discuss the final situation analysis and analyse strengths and weaknesses

15h30 Tea break

16h00 Drafting the **action plan** (*Soft board*)

5. Day, date

8h30 Discuss and modify the action plan ...

10h00 Tea break

10h30 ... discuss and modify the action plan

12h30 Lunch

14h00 Steps to **implement** the action plan

- How to collaborate with other service providers
- How to encourage self-help and how to organise promotional measures.

15h30 Tea break

16h00 Organising the next Business Services Delivery Cycle

- Distribution of the formats, time-table for the next cycle, choice of businesses, collaboration with other BDS providers, documentation, evaluation and reports, communication, business plan format, to-do list

18h Closing

Coffee grinder



Problem:

The business owner does not have any market problem. She could sell to bars, restaurants, cafés etc. However, she does not have a sufficient stock of coffee. So she sells only in small quantities.

Solution:

A credit for sufficient stock of coffee would immediately raise her production as well as her turnover. The credit would be profitable. In this case we support the credit demand. With the profits reaped, she could buy some machines, such as a coffee grinder for special sorts of coffee and subsequently develop her business with her own resources.



Action:

The shop owner will document her client orders and document potential clients. The facilitator will help in formulating business plans to facilitate her credit demand.

Support for the extension of her credit because the market situation is excellent.



Public secretary



Problem:

No strategic location, no clients. Even her initial funds have been exhausted.

The shop owner could not repay her loan.

Solution:

With the prevailing bad market situation, a credit demand for a second round makes no sense. The facilitator should not support the owner's demand for additional credit.

The only possibility is to change the actual location immediately.



Action:

The facilitator provided advice for a new strategic location (in the vicinity of schools and administrations or in the centre of the city).

Reassessment of the previously taken loan was carried out.

No support for additional credit, due to bad market situation.

Kindergarten



Problem:

- Most kindergartens have the same problem: Bureaucratic problems in the start-up phase of their business delay the opening of the kindergarten. So, they cannot open before the new school year and do not have a sufficient number of children to sustain operations. An optimum number of children to run the school profitably is between 40 and 80. Therefore, in the first school year a large number of kindergartens are not profitable and fixed costs are too high.

Solution:

- Several kindergartens need a reassessment of the initial credit for the first year.
- Publicity and marketing measures have to be undertaken before the beginning of the next school year.
- The high fixed costs (rent and personnel costs) need to be covered by obtaining a higher number of children who could then pay for these costs.
- Before the start-up period, the promoters have to be informed to start business long before the beginning of the school year, in order to overcome this problem.



Action:

- Support the reassessment of the initial credit scheme for the first school year.
- Provide advice on promotion and marketing measures: a simple first measure would be to support marketing visits in their district.
- Advise owner to plan for 60-80 children before the kindergarten can break even.

Wood and metal workshop - Ambo



Situation

The workshop is situated in a quiet part of town. Products of this company consist of furniture, such as beds, cupboards, chairs and doors. Metal products, such as grills, gates and fences. Staff consists of approx. five apprentices and workers. It has a small five-operating-machine, however, poor tools and a stock without maintenance



small 5-operating-machine

Problems

- Poor sales situation, the quarter is too calm, without any exhibition possibilities.
- Regulatory problems for the supply of wood.
- Poor equipment and tools apart from the five-operation-machine.
- Insufficient product quality. Work is carried out with insufficient tools.
- No adequate storage of raw materials.

Proposals of the owner

- Intends to acquire a workshop on the main road for exhibition purposes.
- Intends to improve his tools and machinery.



poor tools and stock without maintenance

Actions

- Start saving.
- Buy some simple tools.

Support by BDS facilitator

- Encourage for savings.
- Encourage to buy simple tools
- Make a supply study for wood. Could be a general problem for carpenters in this region. Refer to further possibilities of solution.
- Needs on vocational training (could be part of a technical on-the-spot advice by a FeMSEDA master for carpenters at Ambo town.)
- Credit is not recommended because no good sales situation.
- Rent for a workshop on the main road will be too expensive.





auto-mechanics and metal works



locally made welding machine

Auto-mechanics and metal works

Situation

- The workshop is situated on the main road of Ambo and obviously has a lot of clients in both auto-mechanics and metal works.
- Produces all kinds of vehicles, grills, gates and fences. The owner himself produces welding machines locally. He has a large staff, with approx. 20 employees.
- No sales problems.

Problem

- High transport costs involved in obtaining spare parts from Addis.
- No crane to lift motors as well as no inspection ditch.
- No thread cutting tools.

Proposals

- Intends to open a spare parts shop or stock in order to reduce transport costs.
- Intends to buy a thread cutting tool set.

Actions

He already has a banking account.

- Save more money.
- Draw up a business plan, in order to gain access to credit.
- Is able to purchase the thread cutting tool set with his own money.
- Additional vocational training for thread cutting (half-day training in another workshop or FeMSEDA).

Support by BDS facilitator

- Encourage the owner to save more.
- Assist in business plan preparation.
- Link owner to a provider of micro-finance.
- Look for thread cutting tool suppliers and prices in Addis.
- Organise a half-day training session on thread cutting tools.
- Is there any possibility of selling the locally produced welding machines (with a more enhanced coachwork and painting?)



Tailoring workshop - Ambo town

Situation

- The workshop is situated in a popular part of Ambo and has a good sales situation. The workshop looks very organised from the outside and inside.
- In addition to the tailoring shop, he has opened a beauty shop, which is complementing his first activity.
- Products and services entail women dressmaking and the renting of clothes for festivities.
- The owner has a stock of textiles.
- Good sales situation.



Problems

- Intends to extend his business and renew his old and used sewing machines.
- Believes to be overtaxed. Taxes are laid down by estimated and without any scheme.



Proposals/Actions

- Start saving and draw up a business plan to access credit.
- Calculate the taxes and negotiate with the tax administration.

BDS facilitator

- Encourage savings.
- Assist in business plan preparation and make contacts to micro-finance institutions.
- Analyse tax fees and assist with the intervention to the tax administration.

- Needs Assessment
- Action Planning
- Business Services Delivery

A participatory approach to promote SME operators

6/2002
Dieter Gagel
mail@gagel.net

1

Steps to put BDS into practice...

- Each facilitator selects 15 operators in his region for the implementation of a 5-month action plan in order to deliver Business Development Services.
- BDS are based on a regular contact with the operators and services are based on the operators' demand.
- So, encourage the business operator to express his problems and proposals.
- Write a situation analysis overview of these 15 businesses and note their problems and proposals.

2

...Steps to put BDS into practice

- Agree upon a 5-month action plan for self-help activities of the operators and additional support by the facilitator.
- Contact facilitating agencies and BDS providers in order to agree upon support for the action plan.
- Services that cannot be managed by the facilitator himself, may be implemented by other BDS providers (facilitator makes contacts).

3

Permanent dialogue with the operators

4

Regular Visits to Operators !

- Regular visits to the operators involved are necessary in order to solve the problems identified. „Regular“ means at least once per week, but if necessary, even 3 visits per week to solve a problem are useful.
- Problems are not solved by doing a situation analysis and action plan. You have to go into action and contact other partners and administration in order to realize the solution.

4,5

Situation analysis

Name / Activity / Location	Products/ Services	Supply / Markets Sales / Clients Marketing	Staff / Business management	Costs per month	Problems and solutions identified by the operator

5

How to talk to the business operator?

- The situation analysis has 3 aspects:
 - To warm up with the operator
 - To understand his way of thinking
 - To get data for action (and not data for data)
- Introduce yourself and your concern.
- Sit down and have time, but don't waste the time of the operator.
- Listen and work off your questions without hurrying.
- Try to answer the operator if possible, but don't try to solve immediately his problems or to find immediately the solution.
- Not only talks, observations are very useful too!
- When actions are identified, agree upon his self-help part and your additional support.
- Talks are confidential, above all with the administration and other operators.

6

Interview guidelines

- Name and activity: Name, address, activity
- Location: Location, dimensions, number of rooms, furniture etc.
- Equipment: Tools, machines, number and quality, maintenance
- Products and services: offered by the operator
- Supply: Raw and working materials, tools, machines, availability, suppliers
- Sales: Situation of sales, clients, intermediaries
- Marketing: Promotion activities, publicity, advertising
- Staff: Number and functions, qualification, school education
- Business management: Bookkeeping? Recording? Receipts?
- Costs per month: Rent, electricity, water, taxes, staff and social security contributions, maintenance
- Problems and solutions: identified by the operator himself without suggestions by the facilitator. Problems and solutions must be detailed! „Marketing“ is not enough.

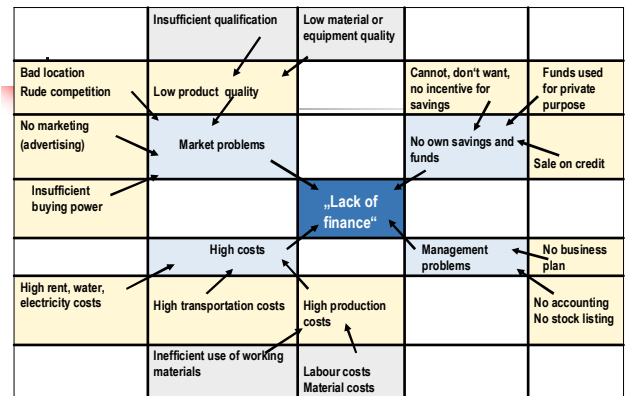
7

Is „Lack of finance“ really the problem?

- Most of the operators see the „Lack of finance“ as their main or only problem.
- It's up to the facilitator to get to the bottom of this problem: **Other problems in other fields of intervention may cause the lack of finance** (ask him: „**Why** do you have a lack of finance?“).
- In that case, **financial support will not necessarily help the operator**, but support in other fields of intervention can solve this secondary problem.

see overview next page...

8

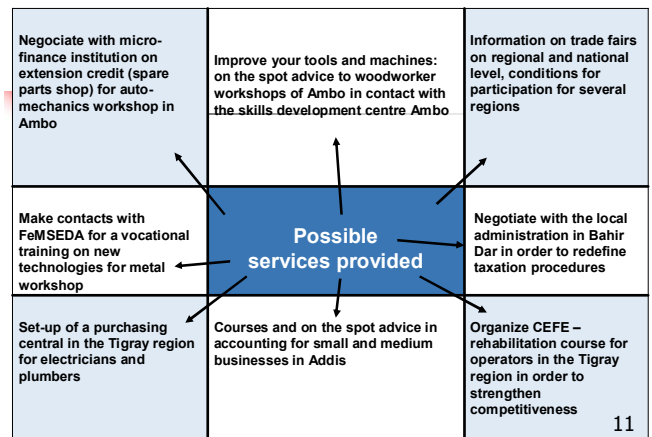


9

Action planning

10

Name / Activity	Problem identified	Self help initiative of the operator	Additional support by the BDS provider



11

Training courses or on-the-spot advice?

- Training courses are often the only method used by BDS providers. But training courses tend to be **offer-oriented** and do not always meet the real needs.
- On-the-spot advice can be an additional **demand driven** tool in a comprehensive BDS system:
 - The field approach allows the operator to express his real needs on the spot and to demonstrate it.
 - The facilitators can observe on the spot the situation and problems of the operator concerned.
 - Certain problems cannot be solved in group training (operator doesn't want to speak in a group with competitors, specific problems with authorities etc.)

12

Examples for on-the-spot advice instead of courses

- Accounting training courses often are without impact. On-the-spot advice to initiate a simple accounting system will be more concrete and you can better control it in practice.
- Training for maintenance of tools and machines with the operators' own equipment and in their workshops will be more effective.
- Production run and workshop organization should be optimized in the workshop.

13

What kind of services?...

- Based on the **self-help initiative** of the operator.
- Necessary, according to the problems identified and the **priorities of the operators**.
- Possible and realistic, according to the human resources and **financial capacities**.
- Services that cannot be managed by the facilitator himself, can be implemented by other BDS providers (facilitator makes **contacts**).

14

... what kind of services?

- Group support or group trainings** are possible if a certain number of operators have the same or similar problems, e.g.:
 - Several carpenters need training in tools and machinery maintenance;
 - The carpenters of Ambo are not allowed to collect wood in the local area;
 - Auto-mechanics of one region need spare parts store for better supply;
 - Vocational training in cut and design for tailors;
 - Management training for medium enterprises.

15

Market orientation of BDS

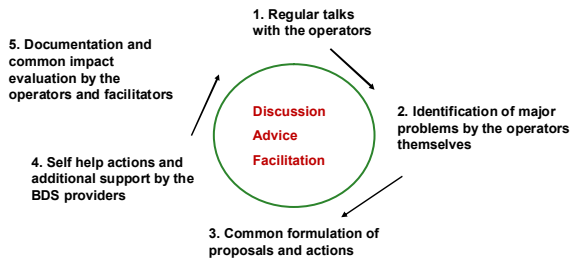
- BDS should be market oriented in terms of cost sharing and cost recovery of its services.
- But there will always be services that will never attempt a 100% **cost recovery** but only **cost sharing** and micro enterprises that cannot afford paid BDS.
- So we have to accept that BDS should be developed not only by commercial business providers but also by other private non-profit organisations with **diversified financing** (cost sharing services plus donor funded activities) as done by private NGO. Some services will even have to be done by governmental or semi-governmental structures.

Examples of paid BDS services

Operators should pay services received within their possibilities:

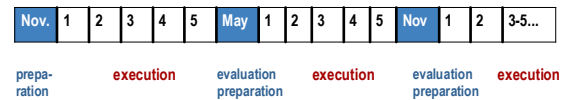
- Operators pay their own contribution for technical and business training courses;
- Operators pay to write a business plan (but business plan forms and some general info are for free);
- They pay for tender training course (but general info to open tenders and tender procedures are for free);
- Operators pay for tender forms and for writing their individual tender dossier.
- Pay for participation on expositions and fairs etc...

The Business Services Delivery Cycle



22

5-month action planning



23

5-month report on BDS delivery

Facilitator: _____ BDS-provider: _____ Date: _____ Period: _____

Owner/ Business	Support Services identified (see action plan)	Services implemented	Results and comments (reasons for failure)

Facilitator's additional comments:

24

Visualisation of your work in your office

- Put a sign in front of your building and your office indicating your service.
- Fix the situation analysis and action planning on the wall of your office.
- Fix case studies of operators on the wall.
- Make photos of the businesses and not of seminars and meetings.
- Everybody who enters in your office immediately has to have a look on your work.

Situation analysis and action planning for start-ups

- Start-ups (e.g. CEFE participants) often meet problems that couldn't be solved or taken in consideration during the course.
- So a effective follow-up system for start-ups is essential for a better impact of the initial training activities.
- The overview for start-ups combines the situation analysis and the action planning in one matrix, because an analysis of an existing business is not yet possible.

Situation analysis and action planning overview for start-ups

Name, address educational level	Project idea	Actual situation of the project		Additional support by the BDS provider
		what has been done	what has to be done	

Steps to the Development of MSE self-help Associations...

Existing associations:

- Identify existing organisations.
- Do a SWOT analysis of these organisations and interviews about situation and problems.
Especially: What are the services for its members?
- Agree upon a 5-month action plan for organisational development and implementation of services.

... Steps to the Development of MSE self-help Associations

Create associations:

- Encourage round tables and regular meetings of operators of one locality or one or similar trades.
- Initiate discussions about their situation, problems and solutions.
- Encourage regular networking between the operators and with other facilitating agencies.
- Initiate and develop **network services** for its members.

Situation analysis of self-help Associations

Name of organisation	Number of members and trades	Mission and structure	Activities implemented	Problems and weaknesses	Proposals and initiatives

Action planning for self-help Associations

Organisation / Group	Problem identified	Self help initiative of the group	Additional support by the BDS provider

Webpage-links to BDS

- www.bds-ethiopia.net
Ethiopian Business Development Services Network (EBDSN)
- www.start-your-business.net
Toolkit on how to start/improve your business
- www.business-experience.com
Webpage on BDS experiences in Mali, Guinea, Tanzania, Tunisia

Annex 5: Situation analysis of medium-size companies in Addis Ababa (example of Commercial Bank of Ethiopia BDS training, October 2003)

Name / Activity Location / Equipment	Products and services	Supply / Sales / Marketing	Staff / Business management	Costs per month	Problems identified by the owners themselves and their proposals
<p>A/ Real Estate Development</p> <p><u>Location:</u> Woreda xx Kebele (new), Total land area 2.4 mill. m², used land (built up area) 25%, total plan for 1st phase 6,250 houses, already built houses: 2,125 overall plan (4 phases) 25,000 houses</p> <p><u>Equipment:</u> Construction machineries (loader, excavator, dozer, dump, trucks, crusher, batching plant) all five years old. Workshops (metal and wood work) manufacturing units (cement and cement products)</p>	<p>Construction of residential buildings: 1 bedroom - 4% 2 bedrooms – 8% G+0 3 bedrooms- 48% G+1 3 bedrooms- 40% Hollow blocks (for self consumption and sale)</p>	<p><u>Supply:</u> Cement, corrugated sheets, reinforcement bars, ceramic and plastic tiles, galvanised pipes and fittings, electrical and door fittings, accessories.</p> <p><u>Suppliers:</u> Import from Spain and Italy, local dealers and manufacturers.</p> <p><u>Sales:</u> No problem in sales, 40 % of clients are Ethiopians living abroad, earns hard (foreign) currency; 30 years of credit sales (they provide long-term credit sale). High demand for 3 bedrooms of G+0 and G+1 with 48% and 40% respectively.</p> <p><u>Marketing:</u> Mass media (radio, TV, journals etc...), brochures, person to person sales, clients bring new clients, pay commission for meddlers.</p>	<p><u>Staff:</u> At any one time- 2,300 employees of which 400 qualified i.e. engineers, finance administrators etc. are employed on a permanent basis. Are the highest salary payers in the sector with salaries ranging from 2,200 to 3,200 Birr for qualified personnel, payment based on output for skilled labourers.</p> <p><u>Business Management:</u> Board of directors, board chairman, executive director, directors for finance administration, production, engineering etc.</p> <p>Audited financial statement available as of June 2003.</p>	<p>Salaries: 1.3 million Birr per month Expenditures: minimum of Birr 5000,000 per month. Cost intensive items: construction materials (cement, iron, etc)</p>	<p><u>Problems:</u></p> <ul style="list-style-type: none"> - Material supply shortage - There are not enough suppliers of machineries and construction materials, which are also highly capital intensive. - Artisan labour attitude problem. Artisan labour is considered to be inferior and undermined. Therefore there is a limited number in the market. - Labour is considered to be cheap viewed from payroll point of view, but considering the inefficiency, discipline and material waste incurred by the labour, it is expensive in Ethiopia (due to the above-mentioned factors, prices of residential houses are high). - Land lease pricing is expensive especially for residential housing). - No preferential treatment with bank interest rates for investment activities. - Collateral estimation is conservative and does not include the location value. - Short-term finance is not appropriate for the construction sector. - Lack of necessary infrastructure - The interest rate for the land lease (unpaid part) is equivalent to the bank interest. - Real Estate Development does not have tax holiday, no incentives - Residential building buyers are penalised because they are expected to pay 15 % VAT. <p><u>Solutions:</u></p> <ul style="list-style-type: none"> - Long-term loan for building material industries. - Encouragement and incentive by the government for this capital intensive sector. - The government should create the awareness among youth that all jobs are equally important and promote skill based training. - The government should promote labour discipline.

					<ul style="list-style-type: none"> - Land lease price should be based on nominal prices for residential buildings and should differ from other sectors. - Bank interest rates should be differentiated from sector to sector and lower for capital intensive investments. - Collateral estimation should include location value, as the value of land appreciates while building values depreciate. - As import is not possible within short periods of time, due to various unforeseen factors and because of the lead time being high, loans should have a lifetime of at least three years for trade and five years for investment. - Government should supply the infrastructure necessary for real estate development and this needs special attention. - Interest on unpaid land lease amount should be on nominal price and if possible should be given free for residential buildings and if obligatory it should be on bank deposit interest rate. - Real Estate developers should be encouraged and provided with tax breaks. - Charging VAT in construction sector will negatively affect Real Estate, as individuals will start constructing their own houses.
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Note: Companies have been made anonymous for reasons of confidentiality

Remarks to company A:

The company is a customer of CBE with a credit amount of 28,000,000 Birr.

Due date: 25/02/2005

Repayment: 2,266,677 quarterly

Statutes: regular payments

<p>B/ Coffee Plantation and Processing / Wholesaler of Consumer Goods</p> <p><u>Location:</u> Addis Ababa, <i>Woreda xx Kebele xx</i> House No. xx, Main Office- at Addis Ababa.</p> <p>Coffee processing, stores and sales outlets (shops) at <i>Merkato</i>, which is the most ideal market place in the city. The coffee plantation is situated at Lemu on a total land area of 10 hectares, of which four hectares are covered by coffee plants. There are also big coffee processing plants, warehouses and sufficient sales outlets for its activities. Number of shops: Three in the <i>Merkato</i> area. The main office has five rooms and is sufficient enough to run the business.</p> <p><u>Equipment:</u> The enterprise had a large coffee pulping machine, however, was recently sold.</p> <p>For coffee washing: One coffee washing machine, one water pumping machine, one electric generating machine, different types of tools</p> <p>Condition: All are in good condition</p>	<p>Products and services:</p> <p><u>Export:</u> Coffee for export purposes. Export of oil seeds and pulses.</p> <p><u>Import</u> of a variety of consumer goods and their distribution. Purchase of domestic consumer goods and whole sale distribution, such as sugar, salt and oil. Rented buildings for warehouses, shops, and a residence in <i>Moyale</i> town.</p>	<p>Supply/, Sales, Marketing</p> <p><u>Supply:</u></p> <ul style="list-style-type: none"> - Supply of raw materials, labour and other necessary inputs are available in the vicinity (around <i>Lemu</i>) for the production of coffee. - The coffee production line of business is a major supplier for coffee processing (coffee export). - Supply for consumer goods: Domestic: from various sugar industries and domestic factories. Abroad: Major suppliers are from China and India (easily available). <p><u>Sales:</u> For consumer goods they distribute on a wholesale basis for hotels, pastry and retailers. There are three big shops for such purposes. There are also large warehouses to hold a sufficient amount of stock. For coffee export: Customers are directly contacted in Germany, Japan and Saudi Arabia. Sometimes brokers are used to contact new buyers.</p> <p><u>Marketing:</u> TV advertisements for certain imported goods such as exercise books and edible oils. For export items such as coffee and oil seeds they sometimes participate on international trade fairs.</p>	<p>Staff and business management</p> <p><u>Staff:</u></p> <ul style="list-style-type: none"> - General Manager - Secretary - Manager of the coffee plantation and washing (at <i>Lemu</i>)-diploma in agriculture. - Manager of trading business line. Certificate in business and he is a sales holder. - Sales persons. - Manager for coffee processing –diploma. - Purchasing Department.- diploma in agriculture. - Quality control-diploma. - Export Department. - Accounting Department-diploma. <p>There are 50 permanent staff members and approx. 200 temporary employees.</p> <p><u>Business management:</u> Book keeping and accounting activities are well organised; books of accounts have been audited by external auditors up until the 2001/2002 fiscal year.</p>	<p>Estimated fixed costs per month:</p> <p>Rent 20,000 B Electricity: 5000 B Water: 1000 B Tax 25,000 B Salary for permanent staff 15,000 Salary for temporary staff 40,000 Bank interests 6,666. Maintenance 10,000 Social security 1000. <u>Total 123,666</u> Annual export price amounts to 2 million USD.</p>	<p>Problems:</p> <ul style="list-style-type: none"> - Shortage of working capital. - The owner blames the bank for not paying export proceedings on time. - Loan processing time is too long. - Transport requirement of imported items state that only Ethiopian shipping lines can be used (monopoly). - The Government (NBE) does not allow export guarantee schemes for coffee. - The Inland Revenue authority does not declare tax levy in due time. - The CBE does not assign a co-worker to facilitate our relation with the bank and it does not give timely advice. - The well experienced employees sometimes divert our customers to other competitors and leave the organisation. - Lack of collateral to receive adequate loans from the bank, as the bank's policy is a collateral based lending policy. <p>Solutions:</p> <ul style="list-style-type: none"> - The bank should work with us as a partner, along with the follow-up of our day to day activities. - Improve the skills of employees through training and workshops, so that they will develop a sense of belonging. - The bank should identify its prominent customers and extend special services, such as shorter loan processing times, grant loan on clean bases, assign co-workers and pay export proceeds on a timely basis, even with minor discrepancies in the documents. - The Inland Revenue authority should inform the tax levied on us in a timely manner. - The Government should allow us to transport imported goods through any means available.
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Remarks to company B:

In general the business is well organised and profitable. It also contributes towards the generation of foreign currency for the country. Apart from the problems identified by the general manager, we have been informed that the business expanded and

diversified without the bank's consent. This was carried out by diverting the bank loan to activities, other than the intended purpose. We think that this is the major cause for the shortage of working capital. Currently however, they have requested a variety of facilities, which are in the process of being realised. Past loans were settled timely, if not regularly.

<p>C/ Manufacturing of pharmaceuticals</p> <p><u>Location:</u> Gerji, Tel. No. xx, P.O. Box xx code xx Large manufacturing (factory) compound of around 1000 m²</p> <p><u>Equipments:</u> Machinery is imported from France, which has a value of 8-9 million Birr. The major pieces of machinery are: Distillation apparatus, preparation tankers, filling machines, laboratory equipment, packing machines.</p>	<p>Products and services:</p> <p>4 types of intra-vein medicines, different types of Glucose:</p> <ol style="list-style-type: none"> 1. Dextrose in water 2. Dextrose in saline 3. Normal saline 4. Ninger lactate 	<p>Supply/, Sales, Marketing</p> <p><u>Supply:</u> Suppliers in Europe, China, India Tools from France</p> <p><u>Sales/clients:</u> On a tender base. Distribution only via Epharm Ethiopia (government enterprise), which is the main distributor of pharmaceutical items.</p> <p><u>Marketing:</u> Promoting pharmaceutical products is prohibited. Advertising and trade fair participation are not possible for pharmaceuticals. The only option is to offer attractive prices on the tender.</p>	<p>Staff and business management</p> <p><u>Staff:</u> A total of 54 employees, 60-70% of them are production workers, and have an education above grade 12.</p> <p>Professionals: Pharmacists -3 Chemists – 2 Biologists – 2 Engineer – 1 Technicians – 3 Accountants – 2 (1 BA + 1 diploma) Druggist – 1 (Diploma) Economist – 1</p> <p><u>Business Management</u></p> <ul style="list-style-type: none"> - Have a business plan. - The factory's book of accounts has been audited by an external auditing firm. - The factory is managed by a board of management and professionals. 	<p>Estimated fixed costs per month</p> <ul style="list-style-type: none"> - Production (raw material) costs 461,375B - Electricity 4,000B - Water: 3000B - Fuel for machines: 30,000B - Fuel for generators (electricity interruption) 2,000B - Tax break for 2 years - Payroll 24,000 - Rent free of charge (own building) 	<p>Problems:</p> <ul style="list-style-type: none"> - Monopoly of distribution by Epharm - Importation of pharmaceuticals that can be locally produced. - Unnecessary specification, standards set by the Drug Administration and Control Authority for the issuance of various certificates to the manufactures (this hinders the manufacturers from participating in international tenders) - Tax structure that discourages the manufacturers while encouraging importers: duty for importation of drugs is 5%, while duty for import of raw materials is up to 40% - Illegal and contraband drugs. - Lack of government protection of the sector from the foreign market. - Non-preferential loan policy of the bank, identical interest rates for all sectors - Lack of a grace period. - Lack of long-term loan. - Lack of supplier's credit. <p>Drugs:</p> <ul style="list-style-type: none"> - Restriction of their sales to one distributor only (selling to retailers is prohibited). <p>Market:</p> <ul style="list-style-type: none"> - Duplication of business (investment), which contributes to market problem) <p>Solutions:</p> <ul style="list-style-type: none"> - Investment office should make post investment follow-up efforts to address problems on time. - The government policy should encourage local manufacturers rather than importers. - Implementation of raw materials for pharmacy products should be duty free. - The Drug Administration and Control Authority should revise its specifications for the issuance of certificates in a way that considers the existing conditions of the country. - Loans should be granted to this sector at a lower interest rate. - Grace periods of more than 2 years should be given. - Long-term loans should be made available
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Remarks to company C:

Credit amount granted: 15,306,136 Birr
Date granted: 22/11/02

Due date: 22/11/10
Quarterly payment: 750,000 Birr

<p>D/ Jewellery and Perfumes, Lady's wear</p> <p><u>Location:</u> 2 shops: W.xx K.xx , W.xx K.xx)</p> <p><u>Dimensions:</u> 2mx4m and 5mx4m</p>	<p>Products and services:</p> <p>Jewellery (68 different items such as necklaces, bracelets, earrings, rings etc), Different brands of perfumes. Lady's wear.</p>	<p>Supply, Sales, Marketing</p> <p><u>Supply:</u> Imports the goods from Dubai, Italy, the USA and UK.</p> <p><u>Clients:</u> High income groups.</p> <p><u>Marketing:</u></p> <ul style="list-style-type: none"> - New entrant to the business (one year in the existing business). - Was previously occupied in the wholesale business of textiles. - No advertising (personal sale) but good location. 	<p>Staff and business management</p> <p><u>Staff:</u> Managed by the owner with four employees (two in each shop).</p> <p><u>Management:</u></p> <ul style="list-style-type: none"> - No business plan. - Maintains records of stock cards. - No training on customer service. 	<p>Estimated fixed costs per month</p> <p>Rent: 2100 B (for both shops) Electricity: 120 B Salaries: 1000 B Taxes: has not yet begun to be taxed (new)</p>	<p><u>Problems identified by the owner:</u></p> <ul style="list-style-type: none"> - Failure to repay the previous loan granted for the purpose of her textile business. - Over taxation (60%) non-uniform tax collection periods. - Lack of alternative maritime transport. - Lack of sufficient sales in relation to repayment rate of the previous loan. <p><u>Proposal by the owner</u> Negotiate with the bank for the extension of the loan repayment period.</p> <p><u>Problem identified by the BDS officer</u></p> <ul style="list-style-type: none"> - Bankruptcy of the previous business. - High monthly repayment rate (beyond the cash-flow generating capacity of the new business) - No advertising. - No training on customer service. - No savings. - No business plan. <p><u>Proposal by the BDS Officer</u></p> <ul style="list-style-type: none"> - Negotiate with the bank a rescheduling of the loan. - The owner should promote her business via various media. - Encourage her to attend training (through a voucher system). - Advise her to also start saving. - Assist her in the preparation of the business plan.
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Remarks to company D:

Credit amount granted: 391,305 Birr
Date granted: 24/03/03

Due date: 23/03/06
Repayment: 12,169 Birr

<p><u>E/ Spare parts trading</u></p> <p><u>Address:</u> Telephone xx, P.O. Box xx Addis, Fax xx</p> <p><u>Location:</u> xx</p> <p><u>Dimension:</u> A three floor storey building on an area of approx. 600m²</p> <p><u>Quality:</u> European Standard (Italy, Germany)</p> <p><u>Trademark:</u> LAR (original)</p> <p>Own building</p>	<p>Products and services:</p> <p>Provides spare parts for LADA and FIAT.</p> <p>Provides the market with diesel generators and other electrical devices.</p>	<p>Supply, Sales, Marketing</p> <p><u>Supply:</u> Companies in Italy and Germany</p> <p><u>Clients:</u> Abay Transport, Addis Ababa City Bus Transport service, Ethiopian Road Authority and other Government and private organisations.</p> <p><u>Sales centres:</u> Addis Ababa, Dire Dawa</p> <p><u>Marketing:</u> Use of sign boards, newspapers and "*****" advertising on an every other week (regularly contacts with reporter). Posters and key holders.</p>	<p>Staff and business management</p> <p><u>Staff:</u></p> <ul style="list-style-type: none"> - Managed by the owner. - 55 permanent employees of which five are B.A holders, the remaining being diploma holders and vocational school graduates (SOS). <p><u>Management:</u></p> <ul style="list-style-type: none"> - Well designed organisational structure. - Use computerised accounting system. 	<p>Estimated fixed costs per month</p> <p>Costs in Birr: Telephone: 300B Fax: 30,000B Electricity: 3,000B Salaries: 70,000B Insurance 850B Cost of goods sold 200,000B Water: 200B Tax: 65,000B</p>	<p><u>Problems identified by the business owner:</u></p> <ul style="list-style-type: none"> - The import of poor quality spare parts from Taiwan and China with the same trademark. - Forged spare parts domestically fabricated like the genuine ones, using the same trademark (counterfeiting). - All competitors are not registered as VAT (Value Added Tax) payers which creates unfair competition. - Frequent failure of telephone and fax services. <p><u>Solutions:</u></p> <ul style="list-style-type: none"> - Immediate corrective measures should have been taken by the responsible government bodies (i.e., police, court, SGS and Customs Authority). - All competitors should be registered as VAT payers. - The telecommunication authority should maintain communication failures timely.
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Remarks to company E:

Loan extended: 19,514,885 Birr for working capital
Date granted: 22/01/2000
Due date: 21/01/2010
Repayment/month: 130,000 Birr

<p>F/ Freight transport, Import and Export, General Trading, Real Estate Development</p> <p><u>Address:</u> xx</p> <p><u>Dimensions :</u> Head office with around 34 sqm² (AA), Branch office; B/Dar and Gondar , Garage (A.A)</p>	<p>Products and services:</p> <p>Freight transport (dry cargo) throughout the country, Export of leant cotton, sesame general trading Real estate development</p>	<p>Supply/, Sales, Marketing</p> <p><u>Supply:</u> Leant cotton from DES sister company. Sesame - local farmers and traders Trucks- IVECO. Local manufacturers.</p> <p><u>Clients:</u> Cotton: Thailand, South Korea and Japan. Sesame and Cereals: Israel, Turkey, India and Pakistan. Freight Transport: NGOs, salt extractors, importers and other fleet operators (sub-contract).</p> <p><u>Marketing:</u> Through EPA (Export Promotion Agency), retailers, friends, commission agents, chambers. business cards, exhibitions, trade fairs, seminars, brochures, internet, but no formal media advertising.</p>	<p>Staff and business management</p> <p><u>Staff:</u> - Run by shareholders - Hired professionals for finance and administration - Commercial department All in all 50 employees</p> <p><u>Business management:</u> - Has business plan. - Has audited financial statements.</p>	<p>Estimated fixed costs per month</p> <p>in Birr Office Rent 2,000 Garage 4,000B Electricity 700B Transport 1,500B Salaries 48,000B Telephone 4,000 Insurance 25,000 Total 85,200B</p>	<p><u>Problems identified by the owner:</u></p> <ul style="list-style-type: none"> - Working capital problem. - Nature of the transportation sector (seasonal, non-regular business). <p>Clients:</p> <ul style="list-style-type: none"> - Intentional delay in payment -907,000 long receivables. <p>Drivers:</p> <ul style="list-style-type: none"> - Use of company's trucks for own business. - Difficulty to trace the whereabouts of the drivers - Lack of communication means. - Drivers do not submit payment documents in a timely manner. - Drivers disconnect distance counter. <p>Market:</p> <ul style="list-style-type: none"> - Export: seasonal nature of exportable products. <p>Transport:</p> <ul style="list-style-type: none"> - Stiff competition. - Small profit margin. - Dispersed markets (North, South). - Difficult to control the drivers (costly to establish check points). - Frequent breakdown of trucks. <p><u>Solution (owner)</u></p> <ul style="list-style-type: none"> - The bank is to provide additional working capital. - The bank should work closely with the customer to straighten out the loan instead of executing foreclosure procedure. - Some check points should be established to control or trace drivers and also collect payment documents.
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Remarks to company F:

Loan size: 12,087,084 Birr
Date granted: 3/3/2000
Due date: 3/3/2005
Repayment: 259,800 B / month

<p>G/ Construction company</p> <p><u>Address:</u> xx, Tel xx, P.O. Box xx Addis</p> <p><u>Dimension:</u> 5000 m² (off); Garage 10000 m² with a large office.</p> <p><u>Earthmoving equipment:</u> Dozer (9), grader (6), wheel and chair loaders (8), scrapers (2), compactors and rollers (9), front-end dumpers (6), excavators (6).</p> <p><u>Motor vehicles and trucks:</u> Light and medium pass vehicles (56), light and heavy cargo truck(8), high and low bed trucks (3), dump trucks (22), fuel truck with trailers (3), water truck (6), mobile workshop (1) etc.</p>	<p>Products and services:</p> <p>Construction of roads and bridges, irrigation, water supply system project, building projects, dam projects.</p> <p><u>Sister companies</u></p> <ul style="list-style-type: none"> - Real estate development. - Manufacturer of concrete roof and tiles. - Gold exploration mining. - Side business: Marble and road tar production 	<p>Supply, Sales, Marketing</p> <p><u>Raw materials:</u> Cement and reinforcement bars Cement: Muger, Mesebo A.A and D. Dawa (cement factory) Reinforcement bars: Foreign suppliers and domestic zequala steel factory. Other Inputs: Fuel and sanitary materials (both by foreign suppliers).</p> <p><u>Sales:</u> Major clients (more than 90 %) are government organisations Annual turnover – up to 50 mil. B.</p> <p><u>Marketing:</u> No promotion, the company has been known for more than30 years.</p>	<p>Staff and business management</p> <p>Managing director: Co-owner, civil engineer, 30 years experience Gen. manager: Co-owner, civil engineer, 30 years experience.</p> <p><u>Staff:</u> Up to 2,000, all depending on the projects. 50 qualified engineers, 25 semi-grade, others are support staff.</p> <p><u>Business management:</u> Well established accounting system, financial control; audited by internal and external auditors.</p>	<p>Estimated fixed costs per month</p> <p>Utility expenses: up to 120,000 p.a. Wage and salaries: up to 1 million p.a. Material costs: 20 million p.a. Other costs: all depending on the nature and management of the project.</p>	<p><u>Problems identified by the company:</u></p> <ul style="list-style-type: none"> - Slow market or the present market is not compatible to our capacity. - Unable to compete with foreign companies, due to lack of huge and modern construction equipment. - Unfair competition. - Payment delays after completion of projects; Example: presently up to Br. 50 mil (retention and receivables) are found unsettled by customers. <p><u>Proposed solution by the company:</u></p> <ul style="list-style-type: none"> - Lobby the government to support local contractors in the construction sector. - Arrangement of credit facilities. <p>Payment collection strategy steps for receivables:</p> <ul style="list-style-type: none"> - Amicable means are preferable - Arbitration board - Court
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Remarks to company G:

Two types of loans:
Overdraft: 10,500,000
Term loan: 14,906,386
Repayment for term loan:
1,475,593 B / per quarter

The company's structure is complex. Presently, the company is not operating at its full capacity. We observe that the company is involved in various businesses (multi-purpose), rather than specialising and strengthening its potential in few businesses.

Further investigation is required to obtain a workable proposal on the issues of financial constraints and business management.

Five-month action plan of medium-size companies in Addis Ababa (example of Commercial Bank of Ethiopia BDS training, October 2003)

Name / Activity	Problems identified	Proposal of action	
		Self-help initiative of the business operator	Additional support by the BDS Officer or BDS provider
A/ <u>Real Estate Development</u>	<ol style="list-style-type: none"> 1. Supply shortage of construction materials. 2. Capital intensive construction machineries. 3. Workers are considered to be inferior, image is undermined. 4. Labour is expensive as compared to efficiency and material and time wasted by the labourer. 5. Land lease price for residential buildings is very expensive. 6. Bank interest rate is being equal to all sectors as become the problem of the sector. 7. Collateral estimation is conservative and does not include location value. 8. Short-term loans are not appropriate for the sector. 9. Lack of infrastructure (water, road, electricity, etc). 10. Interest charge for land lease is equivalent to the bank borrowing rate. 11. Real Estate Development does not have tax break and incentives 12. Building buyers are penalised because they are expected to pay 15 % of VAT + title deed transfer fee (6%). 	<ol style="list-style-type: none"> 1.1 Study the bottle necks in construction materials supply. 1.2 Negotiate with suppliers to increase the supply. 1.3 Establish hollow block production unit for supply. 2.1 Import machineries and produce doors and windows. 3.1 Hire the already in-house experienced labourers from the market and upgrade them through on the job training. 3.2 Provide practical training to the new graduates from vocational schools before they start working. 4.1 Test the skill of potential employees before they are employed to see the level of knowledge. 4.2 Establish 2 control systems for labourers with minimum output. 4.3 Teach the employees that any working equipment is linked directly with the life of the worker. 4.4 Establish incentive systems, such as health service, food facility, etc... In order to increase the sense of belongingness of the workers. 5. Do a study on the impact of land lease price on the real state Development and submit same to the concerned bodies. 6. Negotiate for special interest rates for different real estate development activities. 7. Negotiate with the bank on revising the collateral conditions. 8. Negotiate long-term loan possibilities. 9. Start to construct roads, installing electricity and water pipes by means of own resources. 10. Submit petitions to the concerned organ to reduce land lease price. 11. and 12. Submit petition to the concerned authorities. 	<ol style="list-style-type: none"> 1.1 Contact the Ethiopian and Addis Chamber of Commerce and look for interested suppliers to engage in production of construction materials. 1.2 Help interested potential investors to prepare viable projects and lobby financial institutions together with Ethiopian and Addis Chambers of Commerce to finance these projects. 3. Bring the problem to the attentions of the Investment Authority, the Chamber of Commerce and the Engineering Association. 4. Contact with the TVET programmes and institutions for upgrading the technical skills of labourers through on-the-job and tailor-made technical trainings. 5. Create a forum together with the Chamber and negotiate with A.A Administration in order to have a policy that would allow land free of charge, or at a nominal price for residential buildings. 6. Initiate the Chamber and the Engineering Association to negotiate with banks and the government for the differentiation of interest rates for investments in the real estate development sector. 7. Land lease for residential building is given for 99 years and business buildings for 50 years. Based on this the facilitator should initiate dialogue as to include land location value in the estimation for the indicated years. 8. Create awareness as to the need for specialised banks such as industrial, agricultural and construction bank. 9. Organise a forum of discussion on the problems of infrastructure supply 10.1 Together with the Chambers, the facilitator has to try to convince the Addis Administration that land for residential building should be given at a nominal price and no interest on unpaid balance. 10.2 and 11.1 and 12. The facilitator should try to create a forum in which the Investment Authority, Ministry of Revenue and Chamber of Commerce would discuss about the impact of the issues of interest charges for land lease, tax breaks and incentives for the investment sectors and VAT payments for real estate development.

Note: Companies have been made anonymous for reasons of confidentiality

Partner Organisations and Institutions involved

- Addis Ababa Administration (Land Lease)
- Ministry of Revenue (Tax)

- Educational Bureau (Training)
- TVET program (GTZ)
- Investment Authority (Tax break, secularity)

- Trade Union / Engineering association
- Chamber of Commerce

Name / Activity	Problems identified	Self-help initiative of the business owner	Additional support of the facilitator or partners
<u>B/ Coffee Plantation and Proceeding</u>	<ol style="list-style-type: none"> 1. Shortage of working capital. 2. Export proceeds are not paid timely. 3. Long loan-processing time. 4. Lack of officers from CBE to advise the business. 5. Lack of collateral to receive adequate loan from the bank as the bank's lending policy is collateral based. 6. The National Bank of Ethiopia doesn't allow export guarantee scheme (pre-shipment export credit) for coffee exporters. 7. Government requirement of transportation of imported items only through the Ethiopian Shipping Lines. 8. The Inland Tax Revenue Authority doesn't assess tax obligations levy on time which may result in penalty. 9. The well experienced employees of the organisation, sometimes, leave the organisation and divert customers to other competitors. 	<ol style="list-style-type: none"> 1. Negotiate with the bank or look for other lending institutions that may satisfy financial needs of the company. 2. Convince the bank to identify its good and prominent customers and pay export proceeds timely even with discrepancies of documents. 3. Negotiate with the bank to design a mechanism to shorten the loan processing time. 4. Convince the bank to assign co-workers to assist in the day-to-day activities of the company in relation to the bank's loan. 5. Convince the bank that the company is prominent, a good customer and deserves a loan on looser terms. 6. Negotiate with the National Bank of Ethiopia through the coffee exporters association and Chamber of Commerce to allow export guarantee scheme. 7. Convince the government to allow the transportation of imported goods by means of any transport available. 8. Address the issue to the Inland Revenue Authority, so that it may assess and inform the tax levied on him in a timely manner. 9.1 Provide incentives to the existing employees so that they will serve the organisation at their maximum capacity and feel sense of belongingness. 9.2 Employ family members. 	<ol style="list-style-type: none"> 1.1 Assist the business to prepare a business plan and a cash-flow forecast and to use the loan only for the intended purpose. 1.2 Assist him in establishing a more enhanced working capital management, either by training his employees or looking for professionals. 2.1 Encourage and assist the owner to submit all the necessary export documents to the bank and concerned parties. 2.2 Encourage and assist the owner to export goods timely as per the requirement of the buyer (as per the l/c terms) and have smooth relationship with buyers abroad by fulfilling any obligations, such as payment of commission to the buyers agent. 2.3 Advise him to employ well experienced persons in export trade. 3.1 Advise the owner to submit all the necessary documents such as business plan, audited financial statements and others. 3.2 Advise and assist him to hire experienced persons or to use professional consultants to prepare such documents. 3.3 Negotiate with the bank to shorten the loan processing time. 4. Negotiate with the bank to assign a follow-up adviser. 5. Encourage him to show the bank his credit worthiness so that he will receive a loan on clear bases or at a lesser collateral margin. 6.1 Arrange meeting with other businesses with similar problems. 6.2 Lobby with the National Bank of Ethiopia (NBE). 7. Arrange meeting with other businesses with similar problems and lobby with the Ethiopian Transport Authority (ETA) 8.1 Assist the owner to organise his books of records in such a way that the tax authority can assess and levy the tax timely. 8.2 Encourage the owner to save own funds and pay tax voluntarily. 9.1 Assist the owner to identify any problem in the management and re-arrange the internal management system (make interviews with the staff on problems at work). 9.2 Encourage him to provide incentives to his employees.

Partner Organisations and Institutions involved

- Ethiopian Transport Authority
- National Bank of Ethiopia (NBE)
- Coffee Exporters Association
- Export Promotion Agency

- Ethiopian Shipping Lines
- Chamber of Commerce
- Inland Tax Revenue Authority

Name / Activity	Problems identified	Self-help initiative of the business owner	Additional support of the facilitator or partners
C/ <u>Manufacturing of pharmaceutical products</u>	<ol style="list-style-type: none"> 1. Importation of pharmaceuticals that can be locally manufactured. 2. Exaggerated specifications and standard set by Drug Administration and Control Authority. 3. Restricting manufactures in selling to one distributor only (they are not allowed to sell to retailers). 4. High duty tax levy on imported raw materials for the production of pharmaceuticals. 5. Illegal/contraband pharmaceutical products. 6. Non-preferential loan policy of the bank for local production, identical interest rate, lack of grace period and lack of long-term loans 	<ol style="list-style-type: none"> 1. Participate in the meeting to be held with the Ministry of Health and Pharmid Ethiopia and discuss problems. 2.1 Try to fulfil the basic and mandatory specifications required by the Drug Administration and Control Authority. 2.2 and 3 Participate in the meeting to be held with the Drug Administration and Control Authority for drug specifications and distribution restrictions. 4. and 5. Participate in the meeting to be held with the Ministry of Revenue for taxation problems and the Customs Authority for contraband products. 6. Discuss the problem with the top management of the bank. 	<ol style="list-style-type: none"> 1.1 Identification of other pharmaceutical manufacturers that have similar problems with imported products. 1.2 Organise a meeting with these manufacturers, their association and the Addis Chamber of Commerce. 1.3 Assist the Addis Chamber and the association to arrange a meeting with Pharmid, the Ministry of Health and the manufacturers association on how to promote local production. 2. and 3. Assist the Addis Chamber and the Pharma association to organise a meeting with the Drug Administration and the Control Authority for drug specifications and monopoly in distribution. 4. Initiate a meeting with the manufacturers and the Ministry of Revenue on high tax duties of imported raw materials for local Pharma production and the Customs Authority for contraband products. 5. Assist the Addis Chamber and Pharma association in organising a meeting with the Customs Authority on how to control contraband products. 6. Assist manufacturers in discussing their financial problems with the bank's top management.

Partner Organisations and Institutions involved

- Pharmaceutical Manufacturing Association
- Ministry of Health
- Pharmaceutical, medical supplies Import and wholesale S. Co. (Pharmid)

- Ministry of Inland Revenue
- Drug Administration and Control Authority
- Customs Authority
- Commercial Bank of Ethiopia

Name / Activity	Problems identified	Self-help initiative of the business owner	Additional support of the facilitator or partners
D/ <u>Jewellery, Perfumes and Ladies' wear</u>	<ol style="list-style-type: none"> 1. Failure to repay the previous loan granted for the purpose of her textile business. 2. Non-uniform tax collection period. 3. Slow transportation service provided by Ethiopian Shipping Lines. 4. Lack of sufficient sales. 	<ol style="list-style-type: none"> 1.1 Negotiate with the bank for an extension of the loan repayment 1.2 Negotiate with the bank to change the repayment terms from monthly to quarterly instalments 2. Negotiate with the Inland Revenue to spread the accumulated tax over the six monthly repayments. 3. Discuss the problem with Ethiopian Shipping Lines. 4. Make contacts with retailers and provide products on a wholesale basis as second activity. 	<ol style="list-style-type: none"> 1.1 Go back to the business to gather information on its cash-flow generating capacity. 1.2 Assist the owner in negotiating with the concerned bank organ on a re-scheduling of the loan. 1.3 Follow-up the regular repayment of the loan. 2. Discuss with the Inland Revenue that they inform the business community of their annual tax obligation in a timely manner. 3. Organise a meeting with the Ethiopian Shipping Lines and Chamber of Commerce to seek solutions for the slow sea transport. 4.1 Promotion of the products through various media. 4.2 Look for retailers where distribution can be carried out on a wholesale basis.

Partner Organisations and Institutions involved

- Chamber of Commerce
- Inland Revenue Authority

- Ethiopian Shipping Lines
- National Bank of Ethiopia (NBE)
- Ethiopian Transport Authority
- Inland Revenue Authority

Name / Activity	Problems identified	Self-help initiative of the business owner	Additional support of the facilitator or partners
E/ <u>Spare parts trading</u>	<ol style="list-style-type: none"> 1. Counterfeited spare parts using the brand name of the company 1.1 Imported from Taiwan and China 1.2 Domestically fabricated 2. MSE competitors are not registered as VAT payers 3. Frequent failure of telephone, fax and internet services 	<ol style="list-style-type: none"> 1.1 Ask the Customs Authority to check the genuine quality standard of spare parts to be imported. 1.2 Ask the police to bring the counterfeiters to the court and the court to pass decision timely. 2. Ask tax authority that all competitors should be registered as VAT payers. 3. Ask Ethiopian Telecom to repair communications failures timely. 	<ol style="list-style-type: none"> 1.1 and 1.2 Identify the companies with similar contraband problems and arrange joint meeting with Customs Authority, Police commission, Justice department and Chamber of Commerce. 2. Arrange a workshop on VAT in collaboration with Inland Revenue Authority. 3. Identify companies with similar telecom problems and arrange joint meeting with the Ethiopian Telecom and Chamber of Commerce.

Partner Organisations and Institutions involved

- Ministry of Justice
- Police commission

- Inland Revenue Authority
- Telecommunications Authority
- Customs Authority
- Ethiopian Chamber of Commerce

Name / Activity	Problems identified	Self-help initiative of the business owner	Additional support of the facilitator or partners
F/ <u>Freight Transport</u> <u>Export/Import</u> <u>General Trading</u> <u>Real Estate</u> <u>Development</u>	1. Working capital shortage. 2. Transportation business is irregular and seasonal. 3. Clients delay in payment. 4.1 Drivers' behaviour 4.2 Absence of check points to control drivers and forward payment documents 5.1 Seasonality of export products. 5.2 Stiff competition in the freight sector. 5.3 Dispersed market (North-South-East-West).	1. Utilise the existing credit facilities efficiently. 2. Ask for additional facilities when there is a need for export guarantee services and pre-shipment export credit 3. As far as possible make strong contractual agreements 4.1 Try to change the attitudes of the drivers by introducing efficient controls, incentive mechanisms and fire those who are incorrigible; strengthen control mechanisms 4.2 Surprise check at different locations (check points) and set up check points in collaboration with other freight operators, introduce document collection systems at these check points 5.1 Exercise efficient stock management for export and establish relationships with good suppliers 5.2 Quote competitively. 5.3 Negotiate regional preferences with competitors.	1. Inform on the different financial facilities. 3. Advise on contractual procedures. 4.1 Inform on incentive measures in personnel management. 4.2 Encourage to contact other freight operators and organise meetings to ascertain common check-points. 5.1 Assist in efficient stock management and provide help for contacts with suppliers. 5.2 Discuss strategic pricing. 5.3 Encourage a freight operator meeting dealing with possibilities of collaboration.

Partner Organisations and Institutions involved

- Chamber of Commerce

- Transport bureaus

- Other freight competitors

Name / Activity	Problems identified	Self-help initiative of the business owner	Additional support of the facilitator or partners
G/ <u>Civil engineering works</u> <u>Construction of infrastructures and buildings</u>	1.1 Unable to compete with foreign companies, due to inadequate working capital. 1.2 Huge and modern machinery and equipment requirement in bids; 1.3 Some projects are awarded without bidding. 2. Payment delayed due to bureaucratic processes, budget problems, technical arrangements etc. 3. No long-term credit facilities for machinery 4. Absence of specialisation in the business..	1.1 Lobby the government into supporting local contractors or construction companies (Ministry of Infrastructure) 1.2 Discuss the implementation of a leasing company for huge machinery. 1.3 Ask to have a meeting with the engineering association on bid procedures and discuss the fact of awarding contracts without bidding. 2. Collect the payments due through amicable measures, arbitration board or court. 3. Negotiate with banks for long-term credit for the purchase of equipment and machinery 4. Discuss with the engineering association on how to identify and promote potential suppliers in the construction sector.	1.1 Assist to arrange forum through the contractors' association to identify the real causes of the problem and assist them to present the findings to the Road Authority and the concerned government bodies. 1.2 Prepare and present the pre-feasibility studies on the idea of establishing an equipment and machinery leasing company. 1.3 and 2. Help to initiate a meeting with regard to bidding procedures and payment delays with the engineering association and the concerned government bodies. 3. Make contacts with involved banks. 4. Ask Addis ReMSEDA and the Trade and Industry Bureau to carry out a survey on sub-contracting and suppliers in the construction sector.

Partner Organisations and Institutions involved

- Addis Regional Micro and Small Enterprises Development Agency and Trade and Industry Bureau for supply problems

- Engineering Association

- Ministry of Infrastructure

- Road Authority

- Commercial and Construction banks

- Chamber of Commerce

Annex 6:

Analysis of the fourth BDS cycle (1/2005-6/2005)

1. Comment

- 1.1 Overview of all enterprises involved
- 1.2 Number of enterprises served and support activities achieved
- 1.3 Sectors of businesses supported (sample)
- 1.4 Gender composition (sample)
- 1.5 Types of BDS activities achieved (sample)
- 1.6 Employment program for graduates through creation of enterprises
- 1.7 Comparison of the four BDS cycles
- 1.8 Limitations and advantages of the 4th BDS cycle
- 1.9 Impact evaluation
- 1.10 Recommendations

2. Tables – Statistical overviews

1. Comment

1.1 Overview of total enterprises involved

It has become evident that implantation of BDS using the already introduced approach of the Ethio-German MSE development initiative is well spreading in Ethiopia as justified by the increased number of enterprises involved in the fourth BDS cycle. The total number of enterprises supported by partner organizations during the 1st, 2nd and 3rd BDS cycles were 127, 698 and 1,088 respectively. However, this number has grown to 4,783 during the 4th BDS cycle. Some of the factors for the increment were:

- all sub-cities of Addis Ababa have implemented the cycle by increasing the number of facilitators and business operators compared to the previous cycles;
- in Tigray region, the number of Woredas involved has grown from 11 to 25;
- in Amhara region, Woredas involved have grown from 12 to 18.

A total of 501 facilitators in our project regions of Amhara, Tigray and Addis Ababa have paid visits to 4,783 business operators and carried out a situation analysis and action plan for each of them. A total of six organizations have implemented the fourth BDS cycle.

Total overview of the fourth BDS cycle

Organization	Number of facilitators involved	Number of Businesses supported
Amhara MSEIDB	9	131
Contractual facilitators	79	482
Amhara Women Entrepreneurs	2	30
Tigray MSEIDB	35	350
Addis MSEIDB (10 sub-cities)	367	3,670
Alliance for Development	3	45
Progynist	3	60
Pro Pride (Merkato)	3	15
Total	501	4,783

1.2 Number of enterprises served and support activities achieved (sample)

As indicated in the above table, the total number of business operators is too high for the project staff to compile all the data required for this report. Preference is, therefore, made to compile data on sample basis. A good size of representative sample (16% of total) has been considered and data relevant to 764 business operators is compiled as follows.

Organization	Number of facilitators	Businesses supported	Support activities achieved	% of initial planning
Amhara MSEIDB	25	260	470	81%
Tigray MSEIDB	4	40	59	71%
Addis MSEIDB (10 sub-cities)	34	342	571	76%
Alliance for Development	3	46	57	64%
Progynist	2	61	181	87%
Pro Pride (Merkato)	3	15	29	74%
Total	71	764	1,367	78%

Sample: 764 of 4,783 enterprises involved

1,367 support activities of initially 1,751 actions identified have been achieved (78% of the initial planning). The following detailed analysis is also made for better understanding of the implementation of the fourth BDS cycle based on the sample size of 764 businesses.

1.3 Sectors of businesses supported

The composition between trade and manufacturing enterprises is more or less balanced. All kinds of businesses have been involved, there was no limitation to any one sector, but trade businesses are the majority, followed by manufacturing businesses and services.

- Sales of food items are the majority of the **trades** supported, followed by sale of leather and construction/building materials.
- Food processing takes the majority of the **manufacturing** businesses, followed by production of textile and leather articles.
- Restaurants, bars, groceries and tearooms are the majority of the **service** businesses, followed by tailoring services.

Type of business	Number of businesses	%
Trade	298	39%
Manufacturing	266	35%
Service	200	26%
Total	764	100%

Sample: 764 of 4,783 enterprises involved

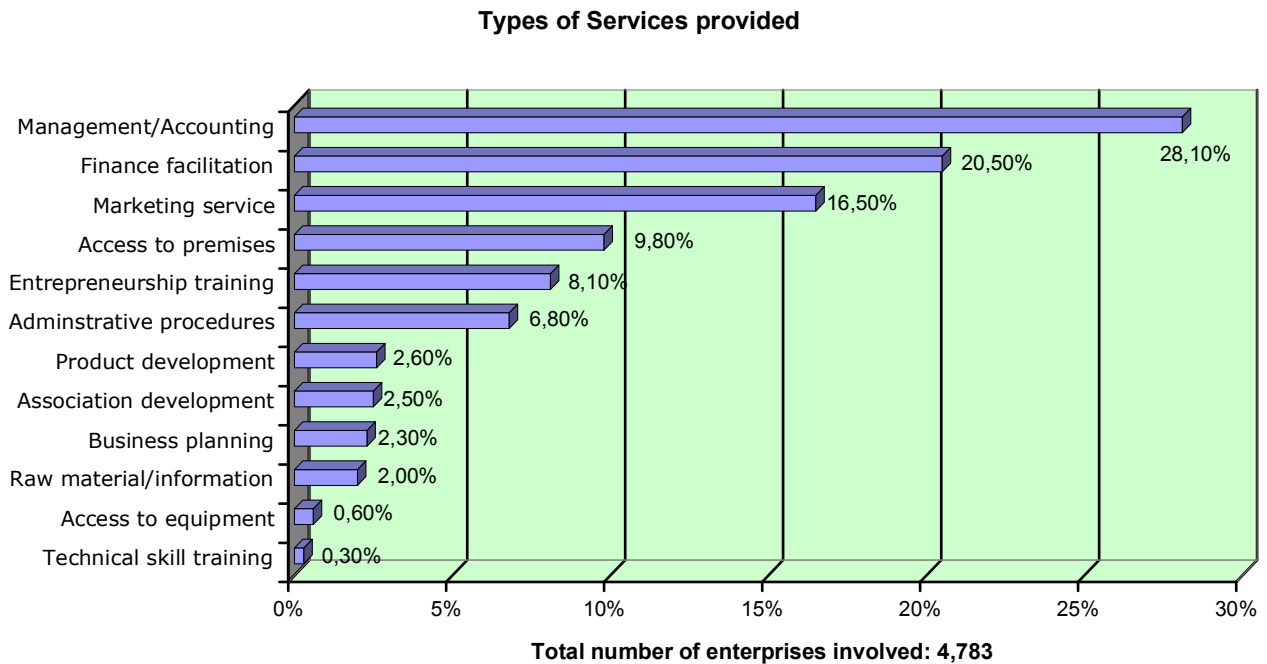
1.4 Gender composition

As regards the gender composition of enterprises supported: 46% of the businesses served were run by women operators.

Gender	Number	%
Male	391	51%
Female	349	46%
Partners	24	3%
Total (sample)	764	100%

1.5 Types of BDS activities achieved

The main areas of support activities are the following:



1.6 Employment program for graduates through creation of enterprises

36 TVET graduates without employment have been supported in a 6-month BDS cycle to create their own enterprises. Three BDS facilitators of Gulele sub-city have been assigned for this.

The implementation of the entire pilot scheme was organized in three phases:

- Phase I: CEFE entrepreneurship training

Participants were expected to take CEFE entrepreneurship training as outlined in the planning document. The CEFE knowledge was envisaged to assist participants identify viable business ideas, analyze market and supply situations, identify main actors in their sectors and produce viable business plan for funding.

- Phase II: Business Development Services for start-ups

The 36 unemployed TVET graduates were divided into 3 groups. The main sectors selected were construction and building, metal works, construction related woodworks, electricity, plumbing and painting. The participants were assisted to be organized and form enterprises. The three BDS facilitators from Gulele sub-city MSE office linked the graduates to relevant institutions such as municipality for access to premises, training centers for additional training and on-the-spot technical advice, financial institutions for access to credit and others.

- Phase III: Follow-up of existing enterprises

After business implementation, the initiated enterprises got a mid or long term follow-up in order to make their businesses more efficient. The following services have been provided:

- Trained in entrepreneurship training
- Generated business ideas
- Produced business plans
- Assisted in enterprise formation and business license

- Identified legal form of business
- Introduced to official qualification test (QT)
- Linked to access for premises
- Linked for access to finance
- Linked for upgrading technical skills in a large-scale construction company
- Linked to technology center for equipment supply (hollow-bloc machine + tools)
- Support for workshop organization
- Linked to existing construction business for experience sharing
- Linked to markets of different construction activities of the municipality
- Further training in business management and marketing

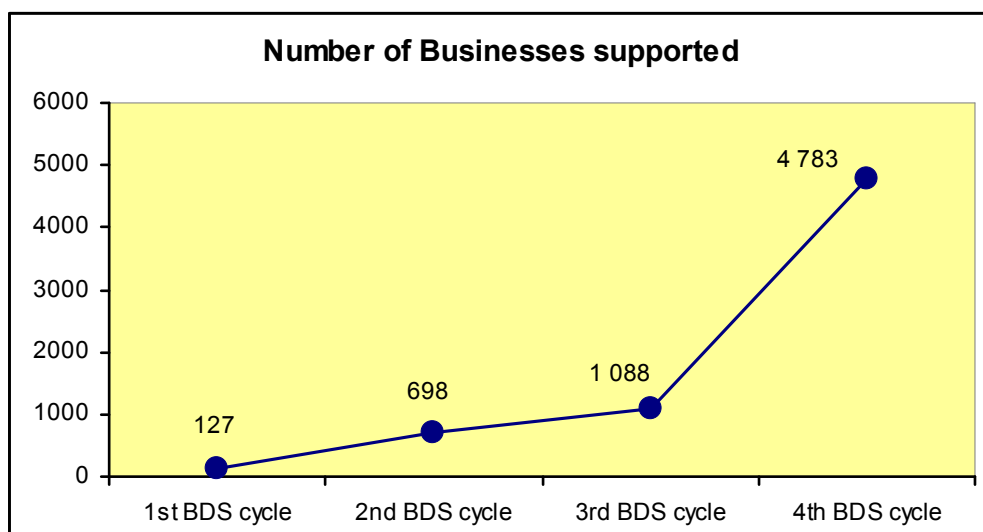
Results:

- 36 Technical school leavers are self-employed
- Created additional employment by sub-contracting with others
- Secured regular income by diversified markets
- Local communities access affordable services
- Addis Ababa city administration gets more labor resources for small-scale construction projects.

The experience of Gulele sub-city will be replicated by five other sub-cities with 15 facilitators and 180 graduates in the next 6-month BDS cycle.

1.7 Changes to the former cycles and totals of four cycles

Concern	1 st BDS cycle	2 nd BDS cycle	Changes 1 st to 2 nd	3 rd BDS cycle	Changes 2 nd to 3 rd	4 th BDS cycle	Changes 3 rd to 4 th
Number of facilitators	18	51	+ 183%	98	+92%	501	+511%
Number of business operators served	127	698	+ 450%	1 088	+56%	4 783	+440%
Average number of operators supported by one facilitator	7	14	+ 100%	11	-21%	9.5	-14%
Support activities achieved (% of initial planning)	65%	74%	+ 9%	76%	+2%	78%	+2%



1.8 Limitations and advantages of the fourth BDS cycle

Limitations:

- Frequent facilitators' turnover;
- Lack of some basic office facilities in POs implementing the BDS like computers which would help for recording data on operators;
- Non-standardized communication between facilitators and supervisory staff;
- Insufficient networking between facilitators;
- MFI's credit policy – absence of alternative lending methodologies;
- On the one hand the BDS activities are painful where as the facilitators are low paid and there are no incentives to compensate;
- Some operators confuse the BDS activities with the taxation issues and are fearful for getting the service;
- Number of NGOs implementing BDS decreased during this cycle due to the very fact that NGO projects phase-out after some years of implementation, such as three years.

Advantages:

- Increased outreach of BDS to new Woredas (Amhara and Tigray MSEIDBs), thus increased number of enterprises that received business development services. (See the table above for all the comparisons);
- Sub-contracting of BDS provision to young graduates (Amhara MSEIDB);
- Increased access to financial services, work premises and enterprise formation compared to the last three cycles;
- Customization of BDS to the needs of TVET graduates (Gulele sub-city working with 36 unemployed TVET graduates).

1.9 Impact evaluation

All figures indicated in this report make part of our activity monitoring and are not supposed to be impact monitoring. The impact evaluation is handled by an independent consultant who carries out impact studies in the fields of our main intervention areas (CEFE, BDS, Organizational Development, Networking). The impact study is available for download on www.bds-ethiopia.net/documents.html (Monitoring and Evaluation chapter).

1.10 Recommendations

- It has been agreed with the partner organizations to implement next BDS cycles by focusing on four sub-sectors: food, textile/garment, leather and construction. Therefore we would be **sector-oriented** in implementing BDS with partner organizations, as the above mentioned sub-sectors are also priorities for the Ethiopian government in general and the partners in particular. In this regard, the partners would allocate sector specific facilitators in implementing the cycles. This approach is also in line with the Private Sector Development pillar of the upcoming Ethiopian Capacity Building Programme (ECBP).
- Implementation of the next BDS cycles would also provide room for tailoring BDS to the needs of **TVET graduates** looking for self-employment. Based on the experience gained from the recent pilot scheme on self-employment of TVET graduates in Gulele sub-city,

additional efforts shall be made to scale-up the approach in other sub-cities, too.

- BDS would also be introduced within the **industrial zones** established in Addis Ababa City Administration. We have been informed that there are about 25 industrial zones in the city.
- Implementation of BDS should also be strengthened within the chamber system and our project is ready to assist this with 15 facilitators for the **City Chambers** of Gonder, Bahir Dar, Dessie, Debre Berhan and Mekelle.
- BDS facilitators have to be provided with the necessary orientation with respect to sector and chamber orientations of BDS. In addition, BDS facilitators need to be given upgrading courses to enhance their performance. Similarly, **BDS team leaders** should also get the necessary assistance to be able to make efficient communication with facilitators and guide them for better implementation of BDS. A training workshop for team leaders will be held in September 2005.

Table 1

Overview of the 4th BDS cycle

Organization	No of Facilitators	No. of Businesses
Addis Ababa:		
Alliance for Development	3	45
Progynist	3	60
Pro Pride (Merkato Programme)	3	15
Addis Ketema Sub-city	45	450
Gulete Sub-city	50	500
Lideta Sub-city	27	270
Seven sub-cities of Addis Abeba Administration	245	2,450
Addis Ababa total	376	3,790
Tigray:		
Tigray ReMSEDA	35	350
Tigray total	35	350
Amhara:		
Bahir Dar Trade and Industry Bureau	7	111
Contractor Facilitators Amhara	79	482
Amhara MSE-DD (Gonder Town)	2	20
Amhara Women Entrepreneur Association	2	30
Amhara total	90	643
Total	501	4,783

Table 2

Overview of the 4th BDS delivery cycle – January to June 2005

Organization	Business operators			Total	Gender			Support activities by facilitators		
	Trade	Prod.	Service		M	F	M/F	Planned	Realized	%
Amhara MSEIDB	110	79	70	260	147	111	1	580	470	81%
Tigray MSEIDB	17	9	15	41	27	14	-	83	59	71%
Addis MSEIDB	129	131	82	342	202	118	22	751	571	76%
Pro Pride	5	8	2	15	4	10	1	39	29	74%
Progynist	11	26	23	60	10	50	-	209	181	87%
Alliance for Development	26	12	8	46	1	45	-	89	57	64%
Total	298	265	200	764	391	348	24	1 751	1 367	78%
Total in %	39%	35%	26%	100%	51%	46%	3%	100%	78%	

Sample: 764 of 4,783 enterprises involved

Table 3

Type of Services provided

Type of BDS provided	Number of services	%
Management + Accounting	300	28.1%
Finance facilitation	219	20.5%
Marketing service	176	16.5%
Access to premises	104	9.8%
CEFE/IYB/SYB/BBS	86	8.1%
Administrative procedures	72	6.8%
Product development	28	2.6%
Association Development	27	2.5%
Business Plan preparation	24	2.3%
Raw materials/information	21	2.0%
Access to equipment	6	0.6%
Technical skill training	3	0.3%
Total	1 066	100%

Sample: 76 of 4,783 enterprises involved

Table 4

Sectors involved - Type of activity					
Trade/Sales	No.	Production	No.	Services	No.
Food	104	Food processing	158	Restaurant, bars, grocery, tea-rooms	120
Textiles (new and second hand)	13	Wood works	24	Tailoring	50
Household products and supermarkets	48	Metal works	19	Beauty saloons	6
Souvenirs	13	Textile manufacturing	27	Repairing electronics, machines/equipment	4
Sales of construction and building materials	60	Shoes and leather products	27	Barbers	10
Leather, hand bags and shoes	60	Bakeries	11	Hotels	10
Total	298		266		200
%	39%		35%		26%
Total of Trade, Production and Services: 764 (sample)					

Sample: 764 of 4,783 enterprises involved

Annex 7

Situation analysis of selected enterprises in the region of:					
Name / Activity Location / Equipment	Products and services	Supply / Sales / Marketing	Personnel Business management	Costs per month	Problems identified by the owners themselves and their proposals
....					

Annex 8

Five-month action plan of:

Name / Activity	Problem identified	Proposal for action	
		Self-help initiative of the business operator	Additional support by the facilitator or BDS provider
....			

Five-month report on BDS delivery

Period: From..... To.....

Facilitator:

Institution/BDS provider:

Date:

Name of Business	Support activities identified (repeat the actions of your last action plan with the same numbers)	Support activities realized (only your real achievements)	Impact and remarks (reasons for failure)
1.			
2.			
3.			
4.			

Annex 10

Cost calculation for BDS delivery	
Activities	Estimated Costs
1. Staff 1.1 Salaries 1.2 Per diems	
2. Training of BDS facilitators 2.1 Trainer 2.2 Training materials 2.3 Per diems 2.4 Transport 2.5 Lunch / Refreshment 2.6 Room 2.7 Others	
3. Situation analysis and action planning 3.1 Stationery 3.2 Others	
4. BDS implementation 4.1 Transport 4.2 Stationery 4.3 Photo documentation 4.4 Telephone and communication 4.5 Others	
5. Monitoring and Evaluation 5.1 Costs of field visits by follow-up men/women 5.2 Photo documentation 5.3 Other costs	
Total costs	

Annex 11:

SWOT analysis for impact monitoring Weakness and Strengths of the CEFE and BDS organising institution This table is to be discussed and filled by former CEFE participants and BDS beneficiaries	
Strengths (internal positive factors to be capitalised on)	Weaknesses (internal negative factors to be eliminated)
Opportunities (external positive factors to made use of)	Threats (external negative factors to avoid/consider)

CEFE entrepreneurship training:

- Did the start-up participants create their business by the help of CEFE training or not?
- Did the business owners solve their problems by the help of the CEFE training?
- Did they stabilise their business (e.g. business has run all legal procedures) or improve their income?
- What are insufficiencies to be eliminated?
- What can be improved?

Business Development Services (BDS):

- Did the BDS support help to improve the business (e.g. diversified products/services, premises secured, savings increased) or increase the income?
- What are insufficiencies to be eliminated?
- What can be improved?

Ethiopian Business Development Services Network (EBDSN)

www.bds-ethiopia.net

List of Publications for Business Development

Start and Improve your Business

Identification of viable business ideas, market and supply analysis, steps of business implementation, write a business plan, organise business management, follow up and improve your business, evaluate sales, improve and diversify products, expand business premises and equipment, how to start your business in the construction sector.

Marketing Strategies for Micro, Small and Medium Enterprises

Marketing problems faced by Ethiopian businesses, marketing strategies for businesses in Ethiopia, managing prices, product development and promotion.

Trade Fair Participation and Export Guide

Guidelines for trade fair organizers and participants, export procedures, export business registration and licensing, Ethiopia's external trade statistics, quality export products information.

Business Planning

Business planning for micro, small and medium enterprises: personal data, equipment owned and to be purchased, work premises at the disposal of the business, yearly production/service plan, yearly raw material requirement, yearly sales plan, yearly operating expenses, yearly profit and loss statement.

Accounting and Cost Calculation Manual

Manual cash book format, electronic cash book format on Excel basis, records on maintenance services, receipt formats, sales on credit format, raw material inventory, profit and loss statement, explanation to the profit and loss statement, cash flow statement, accounting software available in Ethiopia, software providers, training courses in accounting and bookkeeping, cost calculation, identify cost components, calculate variable and fixed costs, calculate total cost per unit, how cost calculating improves your business.

Loan Conditions of Commercial Banks and Micro-Finance Institutions

Loan conditions in Ethiopia: loan types, loan terms, purpose of loan, re-payment schedule, type of collateral, loan criteria, eligibility.

Improve your Business Association

Needs assessment of your members, situation analysis overview, action planning, implementation of services, contacting partners, fundraising, association regulations and bylaws, membership fees and accounting, cash book format for associations, how to present your association

Standards and Quality in Ethiopia

What is a standard? Why standards? How are Ethiopian standards developed? International relations, inspection and certification: Conformity assessment, testing, product certification, what is metrology?

Investment Guide

Business environment, investment opportunities, investment conditions, costs and skills, labour regulations, infrastructure, taxation and incentives, business organizations, organizing a private business investment, ownership, investment protection.

Taxation in Ethiopia

Types of direct and indirect taxes, categories of tax payers, declaration of income and assessment of taxes, tax incentives, tax problems

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