



BUSINESS DEVELOPMENT SERVICES FOR ENTERPRISES:
A RAPID REVIEW OF
GLOBAL LITERATURE

'Enterprise in WASH' is a joint research project led by the Institute for Sustainable Futures (ISF) at the University of Technology, Sydney, which investigates the role of private and social enterprises in the delivery of water, sanitation and hygiene (WASH) services for the poor. For other Enterprise in WASH publications, see www.enterpriseinwash.info

ABOUT THE AUTHORS

The Institute for Sustainable Futures (ISF) was established by the University of Technology, Sydney in 1996 to work with industry, government and the community to develop sustainable futures through research and consultancy. Our mission is to create change toward sustainable futures that protect and enhance the environment, human well-being and social equity. We seek to adopt an inter-disciplinary approach to our work and engage our partner organisations in a collaborative process that emphasises strategic decision-making. For further information visit: www.isf.uts.edu.au

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Institute for Sustainable Futures

University of Technology, Sydney
PO Box 123
Broadway, NSW, 2007
www.isf.edu.au

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1. INTRODUCTION

Business development services for water, sanitation and hygiene (WASH) enterprises have the potential to improve economies of scale, build business capacity, provide technical assistance, represent enterprise views and facilitate access to loans. In doing so, they could play a valuable role in supporting the ongoing development of effective private sector roles to progress universal access to services. Such models of support can take many forms, and solutions are likely to be context-specific.

This document presents the results of a rapid desktop review of global literature on support services offered to business across a range of sectors. Drawing from academic (peer-reviewed) and 'grey' literature (such as reports from non-government organisations (NGOs), international agencies etc.), we explored key dimensions of business development services for enterprises. We have also provided examples of such models used across a range of sectors (WASH-related, and others) in a range of settings (both developing and developed country contexts).

The structure of this review is as follows. Firstly, we provide an overview of how and why business support service models have emerged in the global context (Section 2), and the typical characteristics of effective business support mechanisms (Section 3). We describe the various types of support mechanisms (Section 4), and lastly, we present more detailed examples of models of support to businesses (Section 5).



Toilets on sale in Kupang, Indonesia



Private water enterprise, Vietnam

2. A GLOBAL OVERVIEW

SETTING THE SCENE

This section describes the motivations behind support to enterprises and entrepreneurs, and the current means of supporting them. Firstly, we describe why support to entrepreneurs and enterprises is provided in the first place. We then provide examples of what such support looks like, and the ways in which it is provided. Models of enterprise support are also provided.

WHY SUPPORT ENTREPRENEURS AND ENTERPRISES?

Interventions supporting entrepreneurship and small-scale enterprise development are increasingly being implemented in developing countries as a means to spur economic development and to reduce poverty.

Governments and development practitioners see self-employment as a viable alternative to waged employment (Cho and Honorati, 2014). Furthermore, small and medium enterprise (SME) development is a crucial component of the ASEAN Economic Community as a means of both narrowing development gaps and enhancing the integration and competitiveness of ASEAN member states (Sato, 2015).

The contributions of people employed by SMEs have also been shown to be correlated to gross domestic product (GDP) – therefore economic growth may be created by increasing the SME sector. It is for this reason that SMEs receive considerable support from development agencies such as the World Bank, who provided low and middle income country SMEs with US\$9.8 billion between 2006-12 (Piza et al., 2016). In the WASH sector, SMEs are also active, playing roles as producers, sellers of hardware, wholesalers and retailers and service providers (Gero et al., 2014).

WHAT DOES SUPPORT TO ENTREPRENEURS AND SMALL ENTERPRISES COMMONLY LOOK LIKE?

Support to entrepreneurs and SMEs can be delivered in a number of ways through various policies and mechanisms. Policies and mechanisms include (Wongtschowski et al 2013; Cho and Honorati, 2014; Dalberg 2015; Griffin et al 2015; Piza et al., 2016;):

-  Access to market/demand creation
-  Capacity building/training (formal or informal e.g. peer-to-peer learning)
-  Advisory services, mentoring, consulting, and psychosocial support
-  Access to information
-  Cost reduction or access to key resources
-  Access to finance/ credit
-  Advocacy/ political lobbying
-  Networking/ partnerships
-  Quality assurance
-  Product/ service development and innovation

HOW IS SUPPORT TO ENTREPRENEURS AND ENTERPRISES PROVIDED?

Business support mechanisms listed above can be classified as either indirect or direct, and vary depending on the motivating factors of the business.

Indirect support involves targeting the factors that constrain SMEs – especially informal SMEs – from accessing finance or credit through policy interventions such as tax simplification, i.e. the institutional environment.

Direct support involves technical assistance and capacity building, targeting specific businesses (Piza et al., 2016).

Support to SMEs can also vary depending on whether the focus is on competition and increased production (e.g. interaction with multinational corporations), or if the focus is on SMEs upgrading their capabilities aligning with local community development goals (Sato, 2015). These two pathways can be seen in Figure 1.

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Business support mechanisms can be direct or indirect
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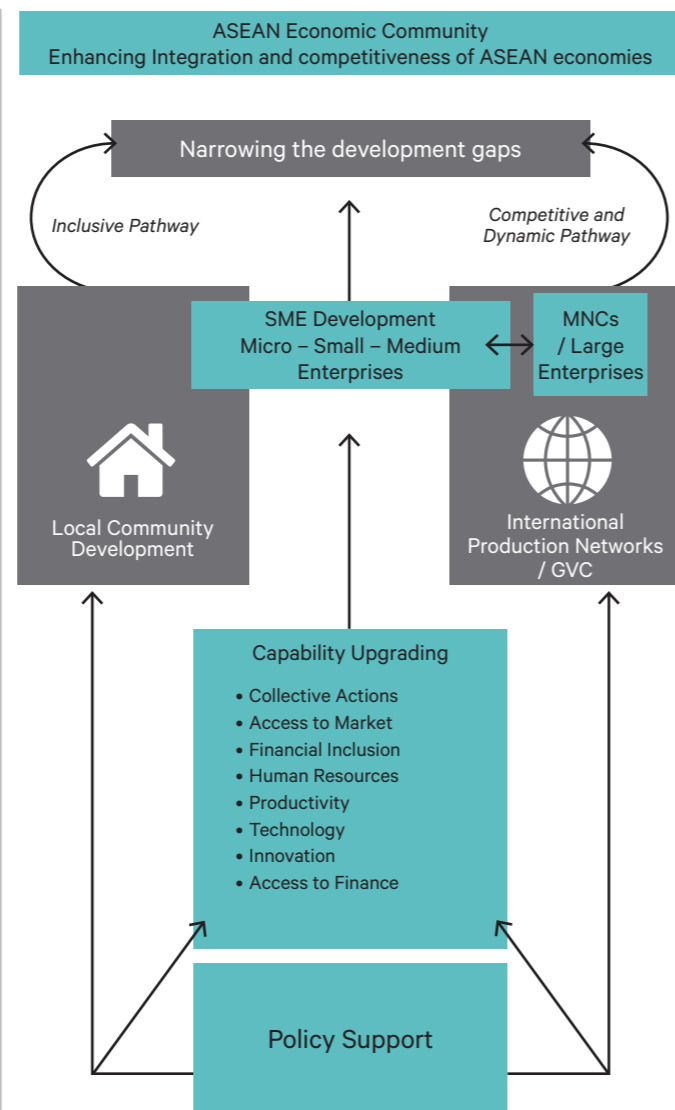


FIGURE 1 FRAMEWORK OF ASEAN SME DEVELOPMENT: THE COMPETITIVE AND DYNAMIC PATHWAY AND THE INCLUSIVE PATHWAY (SOURCE: SATO, 2015)

DRIVERS OF ENTERPRISE SUPPORT

Drivers of support to enterprises can also be thought of in terms of their mode of initiation and implementation. This has been described as either being supply driven or market driven as explained in Table 1 on the right (Kahan, 2007).

Hybrid models are also possible. While drivers of support to enterprises can be supply driven or market driven (Table 1), hybrid models are also possible, and can take various forms depending on the context (Wongtschowski et al., 2013).

	SUPPLY DRIVEN MODELS	MARKET DRIVEN MODELS
Description	Government or donors generally fund the supporting intervention. In this model (which was dominant until the mid-1990s), the government or donor decides on the services to be provided and delivers these directly to clients, or supports provision of services through paying a private service provider or non-government organisation NGO (Kahan, 2007).	Approaches where donors support the market for business services (Wongtschowski et al., 2013). Emerging in the mid-1990s, this approach is more client oriented and has more of a 'client pays' approach.
Benefits	Services are often provided by local organisations who can tailor the approach to the local context.	With some facilitation, service providers cater to small enterprises, who then go ahead and purchase services that increase their own profitability – thus demonstrating elements of sustainability and 'market-leading' qualities.
Constraints	Services are decided by the donor. Suppliers felt responsible to the donor rather than the client, thus the client's needs were sometimes not met (Kahan, 2007).	Uncertainty around the benefits of short term subsidies to enterprises, and their ability to translate into profitability amongst enterprises.

TABLE 1 MODELS OF ENTERPRISE SUPPORT

3. EFFECTIVE BUSINESS SUPPORT

A review of the literature provided insights into the characteristics of effective business support mechanisms, and the benefits to businesses of such support. These are described below, and included the benefits of matching grants and participation in networks, and the need to provide the appropriate combination of support mechanisms depending on the context and beneficiaries.

HOW DO BUSINESS SUPPORT MECHANISMS INFLUENCE ENTERPRISES?

A systematic review of business support for SMEs in low- and middle-income countries analysed the ways that business support influenced enterprises. This study found such support could (Piza et al., 2016):

- > improve firms' performance
- > help create jobs
- > positive effect on labour productivity
- > improve exports
- > improve firms' investment

Authors of this study highlight these encouraging results, noting that matching grants also appeared to have positive effects on business performance, employment and investments (Piza et al., 2016).

Empirical evidence from East Asia reveals a positive feedback loop regarding enterprise's participation in business networks: higher capacity enterprises participate more in networks, and participation in networks help build the capacity of enterprises (Sato, 2015). These two characteristics reinforce each other (see Figure 2), hence the positive feedback.

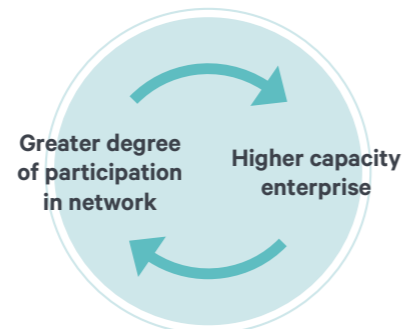


FIGURE 2 POSITIVE FEEDBACK BETWEEN BUSINESS CAPACITY AND PARTICIPATION IN NETWORKS

The research found that this was demonstrated in practice, with well linked enterprises outperforming those who did not participate in networks (Sato, 2015).

The benefits of collective action to businesses have been documented frequently in the literature. However, some authors note that for collective action to have real benefits – particularly relating to the 'inclusive pathway' described on the next page, there must be a level of trust between enterprises. Without trust, mechanisms supporting collective action will not work (Sato, 2015).

“
Matching grants appeared to have positive effects on business performance, employment and investments
”
(Piza et al., 2016)

“
Well linked enterprises outperformed those who did not participate in networking mechanisms
”
(Sato, 2015)

“
Access to credit may have been the largest constraint to women in their earning opportunities.
”
(Cho and Honorati, 2014: 124)

The inclusive pathway for SME development (as seen in Figure 1) has a greater focus on community development outcomes. This approach requires direct support including mechanisms such as (Sato, 2015):

- > policies to promote collective action in line with community development
- > policies that develop institutions to promote SMEs' access to wider markets, including those overseas
- > interventions providing basic managerial support (e.g., bookkeeping) for SMEs so that they will be better able to access credit
- > policies to develop institutions to reduce risks and to lower barriers to SME financing
- > mechanisms to develop entrepreneurial human resources for SMEs, including new start-ups

A recent study explored which interventions and combinations of programs aimed at supporting small scale enterprises were most effective at enabling the poor to start up and grow their own business (Cho and Honorati, 2014). This research investigated 37 studies across 25 developing countries found:

- > The specific combination of different intervention types matters for different beneficiaries (e.g. women) in different contexts.
- > Vocational and business training (e.g. managerial skills, general business practice, basic marketing, and customer relations) were more effective than financial training (e.g. long term business planning inter-temporal decision making, and business financing).
- > Further improvements in such training could be found by combining financing support or counselling.
- > Business training for entrepreneurs was a relatively cost-effective way of promoting business performance (meaning size and revenue of sales, number of employed workers, and size of inventories) and growth with a short intervention period. However, improved knowledge and practice through training did not always result in increased income.
- > There was some evidence that grants (cash or in-kind), particularly when combined with training, were more effective than microcredit.

“
Business training for entrepreneurs was a relatively cost-effective way of promoting business performance
”
(Cho and Honorati, 2014: 124)

FACTORS AFFECTING EFFECTIVENESS OF BUSINESS SUPPORT MECHANISMS

Other factors were also raised in the literature that influenced the effectiveness of business support. These factors included style of government and the degree of networking a business is involved in. Both these factors are described below.

The literature revealed that the effectiveness of business development services is partly dependent on the style of government. A number of authors highlight the importance of the underlying governance structure and policy context in terms of government and business relations. For example, some countries have limited opportunity for business interest input into policy making (e.g. France), as compared to pluralist and corporatist systems, where business associations play a role in policy discussions (e.g. Sweden, UK) (Hulton et al., 2012). Furthermore, globalisation has changed the role of business in public policy making, with businesses gaining power and influence and able to shape economic development (Lucas, 1997). Business associations are one specific mechanism that have emerged as means for business to exert influence, as noted above.

For SMEs, enterprise creation and growth is linked to interpersonal networking (Reeg, 2013). The literature notes that this relates to all types of business support models. Networking with family, friends, community and other small enterprises improves business opportunities by enabling the sharing of information. It also broadens access to capital and markets (Wongtschowski et al., 2013).

Networking and linkages with other similar enterprises (called ‘horizontal linkages’) has also been shown to ensure enterprises understand current technology options (Wongtschowski et al., 2013). Linkages with similar enterprises in geographic regions of close proximity (called ‘clustering’), along with close horizontal linkages - together called collective action, or ‘bonding’, can result in lower transaction costs and other benefits such as (Wongtschowski et al., 2013):

- > the division and specialisation of labour
- > the emergence of a large network of suppliers
- > the manifestation of agents who sell to and buy from distant national and international markets
- > the emergence of a broad spectrum of specialised services
- > a specialised, skilled pool of workers
- > the formation of local business associations.

Bonding builds trust and cooperation, particularly amongst groups with shared experiences (e.g. female entrepreneurs) (Wongtschowski et al., 2013). ‘Bridging’ refers to the building of collective identities across different horizontal and vertical linkages – i.e. interaction with diverse social and economic actors (Kahan, 2007). The literature notes that bridging across socio-demographically diverse groups is of benefit to entrepreneurs (Teckchandani, 2014). For example, in Ghana, researchers found that entrepreneurs with large and diverse social ties outperformed those with fewer ties (Barr, 1998).

“
For SMEs, enterprise creation and growth is linked to interpersonal networking.”
”
(Reeg, 2013)

“
Business associations have been a central element in the changing balance of power between public and private actors.”
”
(Lucas, 1997: 83)

BUSINESS ASSOCIATIONS AS AN EXAMPLE OF AN ENTERPRISE SUPPORT MECHANISM

Business associations are a type of support service that have a number of benefits. Associations are often self-regulated, and members participate in them because they trust the management and believe that the benefits of membership will outweigh the costs (Bennett and Robson, 1999).

Associations allow for new social bonds to be created between members and encourage norms of trust and cooperation, also allowing for new knowledge creation and innovation (Hulton et al., 2012).

Associations can be self-forming as a result of the need to push states into providing public goods necessary for businesses to thrive (e.g. roads, infrastructure, policy) (Doner and Schneider, 2000). Such actions, termed ‘market supporting’ activities, can also help support the overall market to thrive (Teckchandani, 2014).

Business associations can also provide ‘market complementing’ services, some of which are listed below (Reeg, 2013):

- > horizontal and vertical coordination
- > lowering the costs of information
- > setting standards
- > quality upgrading.

Earlier research undertaken in ‘Enterprise in WASH’ amongst water and sanitation SMEs in Indonesia, Vietnam and Timor-Leste found benefits associated with association membership included (Willets et al., 2014):

- > peer-to-peer learning and capacity building opportunities
- > camaraderie, friendship and sense of group mission
- > access to information (e.g. information about latest water and sanitation technologies and products, new rules and regulations)
- > networking
- > opportunities for new experiences (e.g. travelling)
- > fair competition
- > access to cheaper materials
- > access to credit
- > advocacy power for common issues shared by the association members (e.g. increase of water tariffs).

There were also potential drawbacks from being a member of an association. For example, while associations could provide members with new information, for example around the latest innovations, they could also stifle individual entrepreneurs from experimenting and innovating themselves (Murta and Willets, 2014). This reflects tensions that can arise between cooperation and competition, and can be overcome by fostering a mentoring / supportive model that encourages members to explore and trial new products and services (Bennett and Robson, 1999).

“
The types of associations most likely to benefit entrepreneurs will be business and professional associations, which strive to increase economic activity in the community and help members pursue their professional goals.”
(Teckchandani, 2014:87)



4. 'ECOSYSTEMS' OF SUPPORT SERVICES

“ Given the difficulty of classifying the mix of organisations and support mechanisms, support has been likened to an ‘ecosystem’ of support. (Argidius, 2015) ”

As noted earlier, intermediary support for emerging enterprises can take numerous forms. Given the difficulty of classifying such a mix of organisations and support mechanisms, support has been likened to an ‘ecosystem’ of support (Argidius, 2015). Support can be grouped under the following headings (Murta and Willetts, 2014):

- > Direct support for entrepreneurs and SMEs to learn, grow and scale up their business
 - Incubators/ accelerators
 - Educational programs and universities
 - Professional associations and networks
 - Technical advisory / capacity development providers and programs
 - Local consultants and businesses
- > Direct finance and technical advisory for SMEs (from idea through to large scale)
- > Micro-finance institutions, banks, investors and financial service companies
- > Convening people and ideas to advance the network
 - Consortiums and platforms
 - Work and event spaces
 - Events and conventions
- > Thought leadership and capital to enable the broader stakeholder network
- > Advisory and research service providers
- > Foundations

Support provided to entrepreneurs and enterprises may take one or more of these approaches in any given location, as such support mechanisms can be complementary. Classifying the ‘ecosystem’ of models of intermediary business support is not clear cut or simple. Table 2 provides examples of models that exist, however we recognise that there are overlaps and hybrids of these approaches, and many of these models co-exist in some countries.

The examples in Table 2 cover the following models:

- NGO led ‘market activation’
- Business service centre (BSC)
- Business Association
- Governmentled business support
- Business incubators and accelerators

The next section provides more detailed case studies of some of the examples listed in this table.

MODEL	GENERAL CHARACTERISTICS	EXAMPLES FROM WASH AND OTHER SECTORS
NGO led ‘market activation’	Generation of revenue from sale of products and services.	iDE’s approach – ‘Easy Latrine’ and strengthening the sanitation supply chain (iDE, 2016). The Easy Latrine is iDE’s all-in-one toilet package that customers purchase and install themselves.
Business service centre (BSC)	Usually require start-up seed funding from donor/government. Issues of financial sustainability have been reported, with some BSCs struggling to balance SMEs needs and income generation after initial seed funding ceases (Griffin et al., 2015).	Sanitation Convenience Store (SANCONS) in Vietnam provide services such as masonry, delivery, technical advice, maintenance, warranty, and financing. Local people with good communication skills are hired as SANCON sales agents and provide a link to households through marketing and promoting sanitation products and services, receiving sales commissions for orders (BDtruS and SNV, 2016).
Business Association (sometimes called “Business Member Organizations” – BMOs)	Private, voluntary and non for profit, separate from government. May be initiated by NGOs or development organisations, or developed from members themselves. Participation based on member’s desires for partnership, lobbying strength and knowledge of best practices Kwolek, 2012).	Cambodia Water Supply Association (see http://www.cwa.org.kh/) is a collection of piped water supply operators with objectives including maintaining sustainability of their businesses, capacity building of members and policy advocacy (BDtruS and SNV, 2016). APPSANI is the Indonesian Association of Sanitation Management and Empowerment, and provides members with training for certification, finance and market knowledge (Dalberg, 2015). AKSANSI is the Association for Community Based Sanitation Organisations in Indonesia (http://aksansi.org/en/), and provides advice, capacity building and support to community based sanitation organisations, as well as providing a link to government. Associations for Water, Sanitation and Hygiene (AWASH) are supported by Gramalaya (Indian rural development organisation), who train AWASH committees to promote and monitor sanitation usage in communities (Graf et al., 2014).
Government-led business support	An approach for mature markets, where government performs roles including: incentivising banks and suppliers to provide cheaper access to finance / discounted materials, providing quality certifications, hosting forums, providing market data and coordinating demand side activities (Dalberg, 2015). May be funded by government or donors / development agencies. May be part of local government existent structures and roles (e.g. district officer playing a role of supply chain coordinator).	Agricultural extension systems are often run in Africa by national ministries. An example is the District Livelihoods Support Programme (DLSP) in Uganda which supports farmers overcome barriers to enterprise development (Wongtschowski et al., 2013).
Business incubators / accelerators	Organisations usually offering a suite of services including: business development (including strategy, marketing and sales, operations, finance and HR guidance), networking, mentoring, a cohort-based curriculum and/or customized consulting. In some cases connections to investors or direct access to financing are offered. Usually privately funded, funded through incoming revenue from clients or donor supported.	‘Villgro Kenya’ focuses on entrepreneurship in the Kenyan health sector by building partnerships between health professionals with entrepreneurial aspirations, the private sector, NGOs, academic institutions that wish to provide access to market for innovations, and government (Argidius, 2015).

TABLE 2 EXAMPLES OF ENTERPRISE SUPPORT

This section provides case studies of the following support models:

- Gramalaya as an example of NGO led market activation
- District Livelihoods Support Programme (DLSP) as an example of government led support mechanism
- Sanitation Convenience Store (SANCONS) as an example of a business service centre
- APPSANI (Association of Sanitation Management and Empowerment) as an example of a business association
- Examples of business incubators: 88mph; Kenya Climate Innovation Center and Villgro Kenya

The global literature scan and review of examples of business development services revealed the emergence of a number of recurring dimensions.

These dimensions were

- primary support functions
- interaction with government
- mode of initiation and
- funding source.

These can be useful components of support models to consider when designing support mechanisms. We therefore used these dimensions to characterise the case studies as much as possible, however it was not possible to systematically include the components due to gaps in available information.



Leader of sanitation association APPSANI, Indonesia

NGO LED 'MARKET ACTIVATION'

GRAMALAYA

NAME AND LOCATION

Gramalaya is a rural Indian development organisation. Their focus, since 2005, has been on supporting sustainable supply chains for sanitation.

GOVERNANCE / MANAGEMENT STRUCTURE

Gramalaya work through Community Health Workers, raising their awareness around hygienic sanitation. CHWs are then supported by Gramalaya to form Associations for Water, Sanitation and Hygiene (AWASH), who promote and monitor community toilet usage.

KEY SUPPORT FUNCTIONS

Train Community Health Workers, promotion of toilets to households, supporting local producers to manufacture better quality latrines at lower cost, training masons, customer finance options.

SIZE / SCALE

Since 1987, Gramalaya has built over 100,000 toilets in over 1,000 villages

INTERACTION WITH GOVERNMENT

Government provide funding to the NGO.

MODE OF INITIATION

NGO initiated.

FUNDING/INCOME SOURCES

Gramalaya is mostly funded by local and national governments (e.g. the Ministry of Drinking Water and Sanitation, Government of India) and international NGOs/donors (e.g. Arghyam, Bangalore, WaterAid, Water.org). Gramalaya developed its own financing operations for customers – an entity called Guardian - receiving loans from government and banks at 9-14% and re-lending for 21%.

SUCCESS FACTORS

Recognising that poor customers needed assistance in financing, Gramalaya established its own micro-finance institution.

CHALLENGES

Gramalaya's strategy is to exit the market after 1-2 years, relying on the AWASH (Associations) to monitor sanitation. Ensuring these Associations stay active is a challenge. Coordination with government is one way the initiative is aiming to mitigate this challenge.

Source: Graf et al. (2014)

“By promoting quality models which can be customized in terms of design and decoration, Gramalaya allows toilets to become a more desirable investment. According to Gramalaya, customers prove more satisfied than under the previous subsidy based model where they often ended-up with poor quality toilets not meeting expectations.”

(Graf et al. 2014:47)

GOVERNMENT-LED BUSINESS SUPPORT

DISTRICT LIVELIHOODS SUPPORT PROGRAMME

NAME AND LOCATION

District Livelihoods Support Programme (DLSP) in Uganda. The approach sees learning centres set up in host-farmers homes which showcase new technology. DLSP also provides grants to farmer's groups with prior experience in income generation, with a view to improve their food security and enhance their ability to make a profit.

GOVERNANCE / MANAGEMENT STRUCTURE

The program uses government structures to deliver services.

KEY SUPPORT FUNCTIONS

Free services are provided to farmers and farmer's groups. Farmer-to-farmer learning is facilitated, and grants are provided for poor farmers to move from subsistence to commercial farming.

SIZE / SCALE

Between 2007 – 2013, more than 600 grants were provided.

STAKEHOLDERS INVOLVED

Donor (IFAD), national government, local government, service providers (either local government, private or NGO) and clients (farmers).

INTERACTION WITH GOVERNMENT

Government, at national and local levels, are key actors in this model.

MODE OF INITIATION

Government initiated.

FUNDING/INCOME SOURCES

This model is funded by the Ugandan government and International Fund for Agricultural Development (IFAD). Funds and services are delivered in two ways, as illustrated in Figures 5 and 6 below.

SUCCESS FACTORS

Transparency in record keeping helped to build trust amongst group members. Using government structures as a basis of service delivery also ensure that when the official program ends, the provision of services remains.

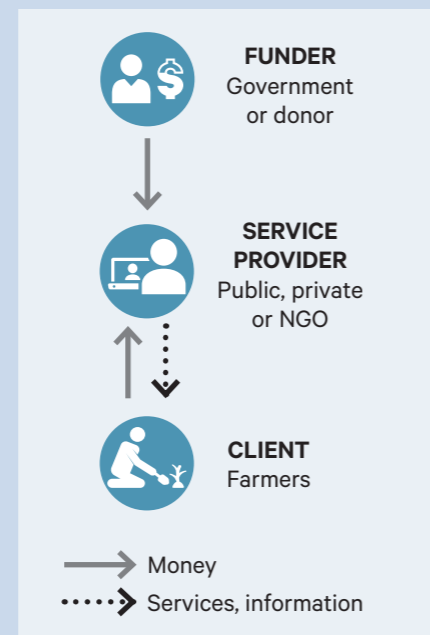


FIGURE 5 GOVERNMENT OR DONOR PAYS FOR SERVICES TO FARMERS
(Source: Wongtschowski et al, 2013)

CHALLENGES

The program suffers from significant bureaucracy and lengthy timeframes for implementation. Unrealistic expectations around grant amounts, and desire for immediate benefits, have also been reported. Funding has also reportedly been a challenge, in part due to exchange rates between USD and Ugandan Shilling.

OTHER FACTORS (E.G. SUSTAINABILITY, GENDER AND INCLUSION)

The grants are intended to support farmer's groups improve their income generation capacity. Social inclusion is also addressed in that specific grants are provided to poor farmers, and rules also stipulate that membership of groups must be at least 30% women.

Source: Wongtschowski et al. (2013)

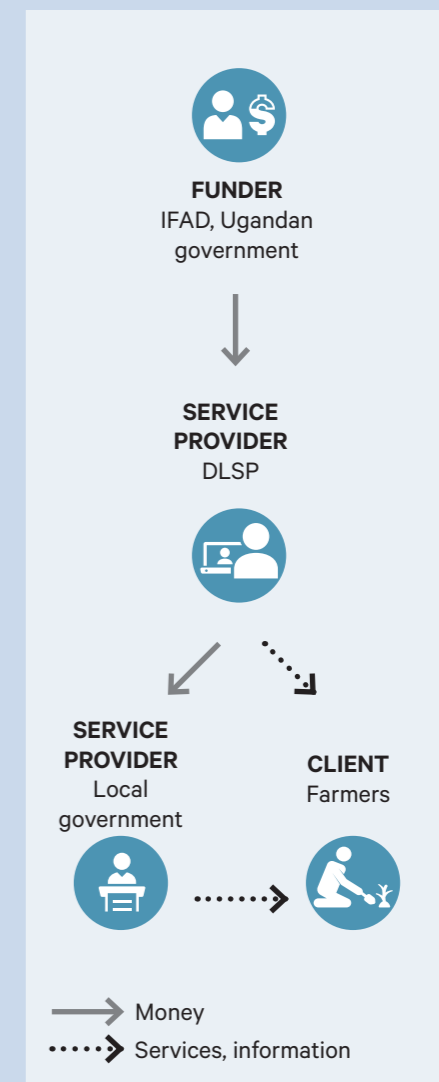


FIGURE 6 PART-PAYMENT BY FARMERS
(Source: Wongtschowski et al, 2013)

BUSINESS ASSOCIATION

APPSANI

NAME

APPSANI (Association of Sanitation Management and Empowerment in Bahasa) is a sanitation association in Indonesia. APPSANI is located in Indonesia.

GOVERNANCE / MANAGEMENT STRUCTURE

APPSANI is governed by board members and senior managers and comprised of many departments including field promotion and public relations, cooperation with other organizations, technical production development, education and training, operations, women's empowerment, and research and development. See Figure 3 for an illustration of APPSANI's structure.

KEY SUPPORT FUNCTIONS

Access to finance, recruiting and training new enterprises, bulk purchase of materials, business support (including mentoring), linkage to government and software/systems to assist entrepreneurs. As part of their services to members, APPSANI were also lending moulds to help entrepreneurs get their businesses

The mechanism whereby customers are provided bank loans is illustrated in Figure 4.

SIZE / SCALE

By 2015 APPSANI had supported 210 One-Stop-Shop members in 5 provinces. It currently has 116 members from East Java (Koen Irianto, Head of APPSANI 2016, pers. comm., 16 August).

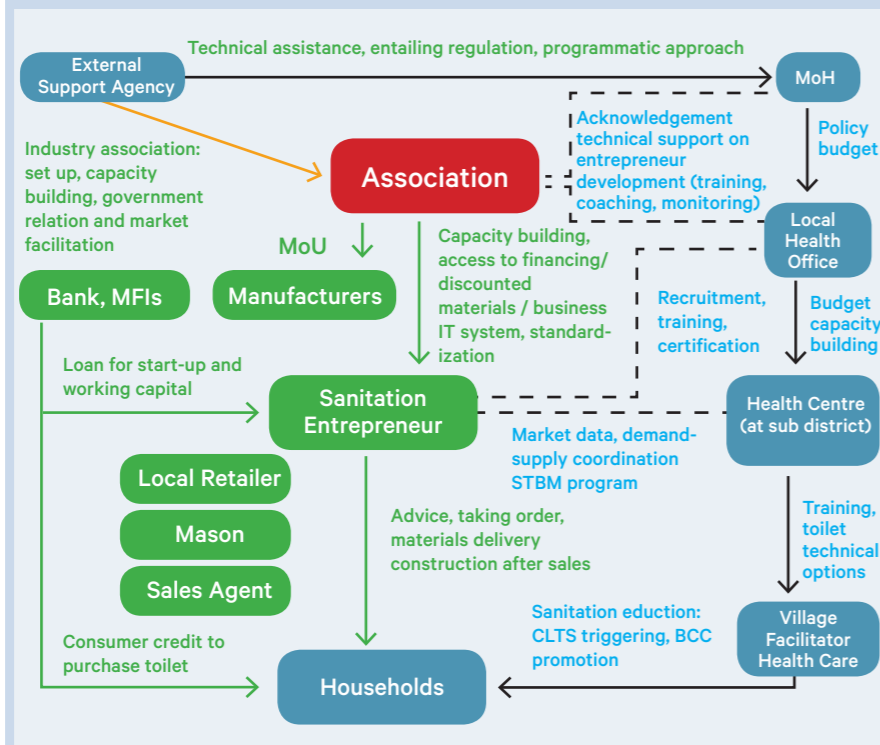


FIGURE 3 APPSANI – A SANITATION ASSOCIATION IN INDONESIA (Source: Dalberg, 2014)

STAKEHOLDERS INVOLVED

World Bank, government (MoH, local health office, Health Centre, Village facilitator), Bank/micro-finance institutions (MFIs), manufacturers, sanitation entrepreneurs, retailers, masons, sales agents, households.

INTERACTION WITH GOVERNMENT

The government (through the Ministry of Health) supports APPSANI in developing policy and budget for sanitation industry, while APPSANI offers capacity building to the government officials at the district and village levels.

MODE OF INITIATION

Established in 2012 under the support from Water and Sanitation Program (WSP) of the World Bank.

FUNDING/INCOME SOURCES

APPSANI's income is sourced from the fees paid by local government for training; membership fees (one time-registration), contribution from boards and senior management and margins from bulk purchase of materials. Some funds are received from donors. APPSANI also receives referral fees for linking latrine sales to microfinance loans, social franchise fees, and commissions for latrine sales (World Bank, 2015).

SUCCESS FACTORS

Piloting services with a small group prior to wider roll-out to strengthen staff capacity and improve services. APPSANI encourages participation from non-sanitation entrepreneurs and draws on support from the government as a means to approach potential businesses. Research conducted by the Institute for Sustainable Futures found that numerous benefits of joining APPSANI were reported by members. For example, access to new innovations and product designs came as a result of membership (Murta and Willetts, 2014). The research also noted that: "In addition, associations have greater critical mass, and are more able to invest in product development, as is the case for APPSANI, who have a unit devoted to research and product development" (Murta and Willetts, 2014:16).

CHALLENGES

APPSANI faces financial constraints despite receiving donor assistance. Member participation is limited given different geographic areas, and strongest in East Java, the province in which it was established.

Sources: Dalberg, 2015, BDtruS and SNV 2016; Murta and Willetts (2014); World Bank (2015)

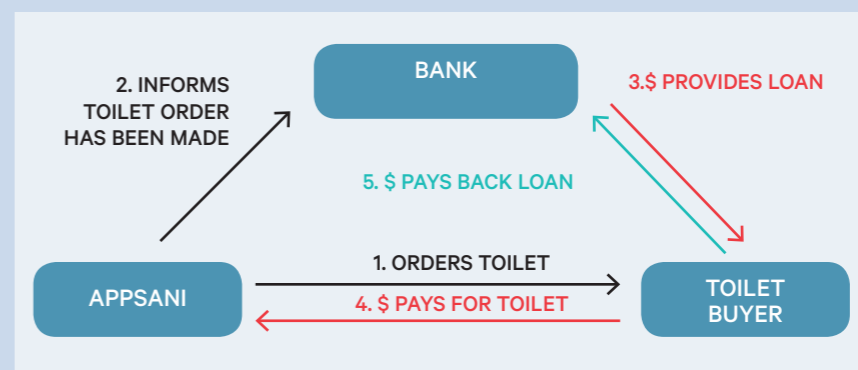


FIGURE 4 MECHANISM TO PROVIDE BANK LOANS TO CUSTOMERS IN EAST JAVA (Source: Murta and Willetts, 2014)

BUSINESS SERVICE CENTRE (BSC)

SANITATION CONVENIENCE STORE

NAME

Sanitation Convenience Store (SANCONS) are a retail and one-stop business selling affordable sanitation products and services in Vietnam.

KEY SUPPORT FUNCTIONS

Masonry, delivery, advice on suitable type of latrine, latrine use, maintenance and warranty, and provision of financing through their access to low interest loans. Through the use of sales agents, SANCONS link to households and connect to savings groups. SANCONS work with reputable skills in construction.

INTERACTION WITH GOVERNMENT

The local government assists in developing a SANCONS network, sales agent network, and mason network in order to ease the sanitation business operation.

MODE OF INITIATION

Supply driven (WSP/SNV seed funded).

SUCCESS FACTORS

Owners who display dynamic and entrepreneurial qualities, including business skills are more likely to be successful. SANCONS in locations with ready access to equipment, materials and tools are more likely to succeed.

CHALLENGES

SANCONS rely on dynamic entrepreneurial owners, without which limits their success. SANCONS in remote areas lack access to value chains and high customer bases. This challenge may be partially overcome by SANCON agents working with others (e.g. retailers, support masons and other sales agents) and selling complementary products and services to supplement their income.

Source: BDtruS and SNV (2016)



FIGURE 7 SANCON SIGNBOARD PROMOTED BY HOA BINH PROVINCE
(See: <https://wsp.org/toolkit/vietnam>)

BUSINESS INCUBATORS AND ACCELERATORS

As noted in Section 4, business incubators or accelerators can offer a range of services including: business development (including strategy, marketing and sales, operations, finance and HR guidance), networking, mentoring, a cohort-based curriculum and/or customised consulting.

Three examples of business incubators and accelerators are provided below, including 88mph, Villgro Kenya and Kenya Climate Innovation Center:

88MPH

NAME AND LOCATION

88mph started in Nairobi in 2011 and has hubs in Nairobi, Cape Town and Lagos

KEY SUPPORT FUNCTIONS

88mph is a seed fund and accelerator, investing in early stage web and mobile start-up enterprises.

SIZE / SCALE

As of 2015, 88mph had invested US\$1.7M in 36 start-ups and run two accelerator programs.

FUNDING/INCOME SOURCES

A mix of local and foreign investors comprised of both equity and cash. 88mph then take an equity stake in the companies they invest in.

SUCCESS FACTORS

Leveraging off the growing mobile and technology market in Africa, and reaching out to the growing number of entrepreneurs who are active in this market. Also the improved internet technology, including enhanced fibre-optic network and competition between internet service providers.

VILLGRO KENYA

NAME AND LOCATION

Villgro Kenya

KEY SUPPORT FUNCTIONS

Villgro Kenya works to support entrepreneurship and social enterprises in the health sector. It provides enterprises and entrepreneurs with mentoring (through an incubation program), funding and access to networks in the healthcare space.

SIZE / SCALE

Since 2001, Villgro Kenya has helped 119 entrepreneurs create more than 4,000 jobs.

MODE OF INITIATION

Supply driven, established by the India-based Villgro Innovations Foundation in partnership with the Lemelson Foundation.

FUNDING/INCOME SOURCES

Villgro Kenya is supported by the Lemelson Foundation and also USAID's Partnering to Accelerate Entrepreneurship (PACE) initiative.

SUCCESS FACTORS

Villgro Kenya has been able to learn from the experiences in India and taking the Kenyan context into account through its approach.

(BUSINESS INCUBATORS AND ACCELERATORS continued)

KENYA CLIMATE INNOVATION CENTER

NAME AND LOCATION

Kenya Climate Innovation Center

KEY SUPPORT FUNCTIONS

Support centres around business acceleration, finance and market development for locally relevant climate and clean energy technologies. More specifically, support include financing to support entrepreneurs and new ventures, delivering advice, assistance and training to build innovation capacity, policy advocacy around innovation in East Africa and access to networking and technical development.

SIZE / SCALE

The initiative began in 2012 and within its first year it had supported over 30 companies.

MODE OF INITIATION

Supply driven (donor funded).

FUNDING/INCOME SOURCES

The World Bank's infoDev (a program supporting entrepreneurs in developing countries), UK's DFID, Danida (Danish Aid).

SUCCESS FACTORS

The growing network of climate technology entrepreneurs and innovators provided an ample starting point to support businesses and social enterprises, and also opportunity to grow an increasing number of jobs.

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