



Micro Enterprise Development
Through Business Development Services
The JOBS Project
Bangladesh

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How BDS Services Help Micro Enterprise Development

Introduction

The Business Development Services (BDS) paradigm is the latest buzzword in the development field. However, for all its promise, few organizations have managed to implement it successfully. Because few BDS case studies exist, the concept is changing constantly. One general definition is: “Business Development Services are services that improve the performance of an enterprise, its access to markets, and its ability to compete.”ⁱ

“The BDS market development paradigm is driven by the belief that the objectives of outreach and sustainability can only be achieved in well-developed markets for BDS, and donor intervention apart from direct provision and subsidies at the demand and supply of services. In the market development paradigm, subsidization of transactions would be replaced by private payment for services. Donor government support would be shifted away from direct support to particular BDS Providers toward facilitation functions that develop the market in a sustainable way.”ⁱⁱ

An example of BDS in practice is found in Bangladesh, where it is being implemented by the JOBS Project of the Institutional Reform & Informal Sector Center (IRIS) of the University of Maryland, and funded by The United States Agency for International Development (USAID). Bangladesh is an appropriate venue for this effort because of the many Micro Credit and Micro Finance programs being implemented there, and hence provides good experimental ground for the development of BDS, because the progression is from the latter types of economic development toward a more practical, market-oriented approach.

Bangladesh is one of the most densely populated countries in the world; 134.6 million people occupy 147,570 square kilometers of land – 912 persons per square kilometer. The majority live in the fertile Ganges-Brahmaputra delta, an area frequently swept by cyclones, tidal surges, and floods, and constantly affected by river erosion, where 77 percent of them earn less than \$2 dollars a dayⁱⁱⁱ and 44.7 percent are estimated to live below poverty line.^{iv}

Bangladesh, a relatively young democracy, has been rated as one of the most corrupt countries in the world by Transparency International.^v Transparency International, the World Bank (WB) and the International Monetary Fund (IMF) are pressuring Bangladesh to deal with these issues of bureaucratic corruption. Specifically, the economy has come under scrutiny by the IMF and the WB due to its high public expenditures and subsidies and inability to significantly reduce poverty with an overall coordinated approach.

Research Rationale

Bangladesh’s economy is considered stagnant because of its weak institutions and poor policy/reform implementation, due to powerful vested interests that affect daily business practices. For example, *hartals*, politically induced strikes, are a nuisance because they disturb daily business transactions but have minimal effect on the Byzantine bureaucracy.

When asked what major obstacles Micro Enterprises (MEs) face, most say access to credit is difficult, skilled labor is in short supply, and access to markets is limited. Access to credit is needed to expand into the market; and technical skills are needed to perform well in the market place. Better performing MEs and potential MEs involved in a productive manner are best suited to the use of BDS services because they have greater opportunities and linkages to the market. Hence, JOBS facilitates BDS development and the

forming of self-governing ME business Associations for motivated and proactive MEs. This provides them an opportunity to move beyond the Income Generating Activity (IGA) level to true ME entrepreneurship, and even on to the level of Small Enterprises (SEs)

Studies have shown that the more people employed in productive occupations (i.e., jobs that create backward employment), the better the economy. In particular, a study done in Tanzania found that the linkage between poverty and business is positive, meaning that the stronger the (formal) business sector, the greater the impact on poverty elimination.^{vi} Therefore, it is evident that cultivating business is important in order to reduce poverty and expand the Bangladeshi economy.

Business improvement will alleviate the poverty situation only if society is supportive of the potential of the poor and unskilled to improve their lot. Hence, in order to facilitate these potential, development organizations must provide an enabling environment conducive to building skills, providing and facilitating access to credit, markets, and technical assistance, and advocating for necessary regulatory changes.

This is what the JOBS Project is doing, and their partnering NGOs/MFIs will continue to facilitate and provide for Micro Enterprises after JOBS is long gone. JOBS looks at alternative, local ways to build partnering organizations' capacity to sustain and maintain their MEs and at the same time directly provide access to credit, markets, and skills so they can expand their businesses into the regional and national economy – i.e., so that they can mainstream into the formal economy.

JOBS Integrated Approach is holistic because it targets both the micro level and the regional level, and offers essential operational and strategic support to both. Many international donors and organizations only focus on one or the other. This working paper will illustrate how unique and innovative JOBS' work is, especially in terms of BDS, and will provide insight into its current practice at the micro and regional levels. It is also worth noting that while JOBS Integrated Approach works directly at the micro and regional levels, it in effect impacts on and contributes directly to the macro level as well, by modeling backward and forward linkages essential for successful poverty reduction strategies through economic graduation and by encouraging changes in policies and practices at the macro level. For example, more commercial banks are willing to finance micro borrowers after witnessing JOBS' success in encouraging the growth and economic potential of these small businesses. NGOs are changing their operational strategies to bring them in line with JOBS' holistic approach; government institutions are responding to the needs of MEs and finally strengthening the backward linkage producers who are a major part of the foundation of the SME sector. All these actions contribute to strengthening the national economy and exemplify a new development strategy that brings real hope for significant alleviation of poverty in Bangladesh.

First, a brief history of Micro Credit, Micro Finance, and the Graduation Process is needed in order to understand the BDS thought process and its rationale in the context of Bangladesh.

Poverty Alleviation through Micro Credit and Micro Finance

The Bangladesh Rural Advancement Committee (BRAC) and Grameen Bank helped pioneer micro credit in the mid-1970s, and both these organizations remain leaders in micro lending. BRAC has also been very successful in providing technical assistance. However, thousands of organizations have since been supplying micro credit and providing small loans, primarily to rural women, with the expectation that the extra monetary input would stimulate micro businesses and improve livelihoods. In the past decade local and international non-governmental organizations (NGOs) have also adopted enhanced versions of Micro Credit and Micro Finance to reflect the demand for diversified and flexible financial services. Hence,

Micro Finance Institutions (MFIs) rapidly increased, not just in Bangladesh, but worldwide. The impact of MFIs has been both positive and negative.

The Micro Credit/Micro Finance concept resulted in three key positive results for the poor:

- 1) *Increased Opportunity*: Timing of funds during the *Akal* season (January – March), when there is little farm work available; this time is used for other activities, such as producing handicrafts, thus generating additional income through IGAs. Additionally, during the paddy sowing season, the poor are eager to cultivate paddy and are naturally happy to benefit from a Micro Credit loan rather than having to take a high-interest loan from the local moneylender.
- 2) *Increased Status for Women*: Most Micro Credit/Micro Finance targets women because studies show that women have greater return rates than men. This is partly due to women giving priority to their families. Women are committed to providing for and sustaining their families, hence their financial initiatives will be family-oriented rather than “extracurricular.” Most women start off as IGAs, earning “pin money” for the family. This activity slightly increases their status in the community. This change in status from housewife to co-breadwinner wins additional respect from family members as well as from the community.
- 3) *Increased Cash Flow*: The most important result, which has long-term impact, is increased cash flow into the village. Micro Credit/Micro Finance has allowed the villager whose largest bill was \$1.73 to have from \$34.6 to as much as \$173 in his pocket. Profit from IGAs moves money into the village slowly as the income level of the village becomes homogenous at a higher level. In essence, the income of the whole village gradually increases, adding to the gross domestic product (GDP) in a micro way, but affecting large numbers of the population.

Over the past two decades, the overall impact of Micro Credit/Micro Finance has been thought to be one of the factors contributing to the improvement in education levels and health indicators in the country. For instance, the life expectancy at birth has risen from 44.9 in 1970 to 58.1 in 1999, while the infant mortality rate (per 1,000 live births) decreased from 145 to 58 in the same period. There have also been phenomenal changes in the social sector. How much of this change is due to the Micro Credit or Micro Finance concept is difficult to tell, because at the same time Micro Credit programs and MFIs were beginning many NGOs established development programs and helped meet government social responsibilities in education and health, which was lacking and in great demand.

However, one of the major negative results from these financial institutions is that they also created a bottleneck, where most IGAs and MEs remained at a subsistence level. Why are IGAs/MEs not moving the populace towards the better livelihoods envisioned? Studies found that they were not sustainable, that they were relying too much on loans and not able to rise above the poverty level, although the credit and financial support provided was intended to bring about poverty alleviation through increased income generation. And yet, the MFI concept has become a worldwide, profitable business. There is a mixed reality in the Micro Credit/Micro Finance field: continued impoverishment, more material goods purchased, more children attending school for longer periods, increased cash-flow in the village, and greater debt. Additionally, many leading MFIs question the value of education. Though motives are obviously suspect, a random composite sample in Bangladesh was quoted as saying, “These are poor people and they don’t need education. We will supply them what they need.”

A major reason for these negative results is that IGAs and MEs do not have enough capital and lack the skills and appropriate knowledge to run businesses; hence few IGAs and MEs have graduated to the next level, as indicated in the Graduation Flow chart below.

Graduation Process

IGAs → MEs → SEs → Formal small businesses

Definitions vary but the following is a general classification:

IGAs: Income Generating Activities are done within the daily routine, producing locally demanded goods and handicrafts. These initiatives are worth less than \$175 capital value.

MEs: Micro Enterprises spend most of the day producing, selling, or trading something as a main source of income. Micro Enterprises range between \$175 and \$3,400. The average is around \$500-\$900, at which point they may begin paying wages to laborers.

SEs: Small Enterprises are able to pay increasing wages for labor. The entrepreneur begins expanding and investing into the business. The enterprise is worth more than \$3,400.

The belief that IGAs will graduate to MEs and MEs to SEs is controversial and continues to be debated in the Micro Finance community. The fact that such universal graduation has not been realized yet is part of the debate. Simply put, the graduation process is not possible under the current concept of lending micro amounts of money without additional technical support to the borrowers.

MFIs are granting micro loans but are unable to provide more credit on demand to expand or to cover unexpected expenses. Most MFIs loan less than \$173 and expect the enterprises to eke out a profit and meet weekly payments simultaneously. The enterprise is doomed to failure sooner or later, because loan amounts are too small to cover unexpected expenses. Expenses such as hiring more quality workers, repairing equipment, recovering from natural disasters, or meeting life cycle expenses that occur naturally in all families, do not get accounted for in the loan amounts and the loan process. Life cycle expenses, such as births, deaths, marriages, and illness, in particular leave families vulnerable to high-interest moneylenders to pay for expenses that channel funds away from the Micro Enterprise.

Additionally, IGAs and MEs do not have the knowledge or skills to operate successful businesses. It was assumed that they would be sustainable if they had money, but in fact sustainability is based not on money alone, but on how well they can maintain their businesses. Most are not educated in the formal business practices that are required to sustain and maintain a healthy business. The majority of IGAs and MEs have no business background whatsoever; their activities are done for subsistence and survival only. Only top MEs, run by more educated and slightly better off (relatively speaking) families, have the potential and motivation to succeed to the point where they can actually improve their living situations.

Many IGAs and MEs are aware of these barriers but are content to stay where they are, arguing that it is at least better than where they were. But how much better is relative and what they can attribute such improvement too is also in question. This is fine for some, but not for others.

From the perspective of the MFIs, they are unable to graduate their recipients because they have limited sources of funding and must husband these carefully to sustain themselves. The implication of this is that the borrowers will perpetually remain in a cycle of poverty due to the limitations of the MFIs. They fall into the trap of taking one loan to pay another, plus they are paying a flat interest rate that is higher than the declining balance rate usually offered by commercial banks.

The only way to positively impact this situation is by attacking the current practices, perceptions, and environment under which both sides operate. The goal is to provide alternatives for those willing and able to take advantage of them.

In response to the failure of these programs, Micro Enterprise Development (MED) was initiated by the JOBS Project. MED addresses the MEs' problem of lack of skills and business expertise. Unlike Micro Credit/Micro Finance, MED offers non-financial as well as financial assistance to top-end MEs. Technical assistance, capacity building, and business development training all help bridge the gap that prevents MEs from becoming more profitable and efficient and expanding into larger markets.

The JOBS Project has been working on economic development for the past four years and placed MED into practice during its third year. In its fourth year it moved on to the next step—Business Development Services (BDS). In order to avoid the problems of Micro Credit/Finance described above, JOBS works with medium-sized, regional NGOs/MFIs with the capacity to provide loans of no less than \$175 and up to \$500 to beneficiaries that demonstrate the capacity and capability to effectively use the greater amount. In this way, MEs are encouraged to expand their enterprises and take calculated risks, with JOBS' assisted NGO/MFIs providing guidance. MED has been adopted by all JOBS' assisted organizations and is slowly being accepted by the NGO/MFI community in Bangladesh - only the lack of resources prevents a much more significant expansion of this development concept.

JOBS and Business Development Services (BDS)

JOBS Intervention: An Integrated Approach

JOBS believes that developing a supportive, integrated business environment would build MEs' operational and strategic capacity by facilitating and providing access to credit, markets and skills. JOBS has identified that access to support services and strategic assistance is an important factor to establishing an environment in which there is easy access to credit, markets and skills. JOBS acts as a BDS Facilitator and provides targeted intervention, at the same time building the support institutions and infrastructure for sustainability. This philosophy develops resources that stimulate enterprise growth and assist MEs in their everyday business operations to become more productive and efficient contributors to the Bangladeshi economy, hence mainstreaming them.

The BDS paradigm addresses the poor market conditions that most developing countries face and assists businesses in these countries to improve their economies and reduce poverty rates. Poor economic environments for businesses to function and carry out transactions in prompted BDS to emerge as the next paradigm with the same economic and social agenda. The difference is that the BDS concept comes from a market perspective rather than a social (via education and health) or political (via civil society and policy changes) perspective, neither of which seem to work well enough to significantly alleviate poverty.

BDS market development enables, enhances, and mainstreams day-to-day business practices. Despite the market orientation of the BDS concept, the paradigm holistically encompasses not just markets but also the access to credit and skills needed to make real advances in poverty alleviation. BDS addresses businesses' major obstacles: the lack of a skilled labor force and the lack of access to credit and markets. In addition, it goes beyond the operational problems of businesses and advocates an enabling environment where these barriers can be tackled with changes in the way business is conducted at the ME level.

From this perspective, JOBS facilitates capacity building to its NGO/MFI partners to become potential BDS Providers. As a BDS Facilitator, JOBS maintains constant rapport with and nurtures proactive, responsive NGOs/MFs as long as they are striving to reach their potential. In facilitating business relationships, JOBS has proven itself a valuable and reliable resource many times over, especially when

the NGO/MFI partners agree to participate in cost-sharing and enter into a joint management relationship, thus accepting JOBS' objectives and methodologies and literally and figuratively "buying into" its development services. Experience has shown that organizations willingly contribute more for JOBS' technical assistance as their involvement increases because they trust and perceive JOBS as valuable to their businesses and operations.

Philosophy

Despite the relatively new jargon, BDS is not a novel idea in the field of economic development; a few years ago the terminology was Business Service Organizations (BSOs). The services needed have been offered before and continue to assist enterprises to develop. BDS essentially rests on the old saying, "Give a person a fish, s/he will always ask for more; teach a person to fish, s/he will never go hungry." The key is to realize the capability to deliver these services – this is often best accomplished by re-engineering an existing local capacity than trying to invent something new. In the case of MEs, the overriding goal is to mainstream them into local and regional business communities, plus helping stronger MEs to become sources of wage-paying employment at this level of the economic tier. This is a necessary element if we wish to effect real, positive, and meaningful change.

JOBS believes that more sustainable enterprises result when intervention comes from two fronts, the bottom and the top, or the micro and the regional levels. It is important to improve the regional level and at the same time assist the micro level, because their eventual graduation will require forward linkages from the regional level to transact business with, and the regional level will require backward linkages to produce and provide goods to customers.

In the same manner, JOBS builds and strengthens the capacity of NGOs/MFIs, Associations and Forums to become sustainable and viable, supporting their recipients in all aspects. At the same time, JOBS acts behind the scenes to create a market environment that enables MEs to move into regional and national markets with ease.

BDS Rationale

The JOBS Project took the initiative in offering BDS services to its partnering NGOs/MFIs as a natural response to what NGOs/MFIs and MEs need most—access to credit, markets, skills, and local resources. Since the Bangladeshi BDS market was not developed, JOBS created the market base, where it supported NGOs/MFIs and MEs directly through Associations and Forums. JOBS found working with regional NGOs/MFIs was more effective in mobilizing the local community, because regional NGOs/MFIs are flexible, know the needs of their communities, and have fewer overhead costs.

Associations consist of MEs who are motivated to improve their businesses and have similar mind-sets. In forming Associations, JOBS surveyed MEs assisted by partnering NGOs/MFIs. MEs that met JOBS' selection criteria and had received JOBS' basic EDBM training were given additional Entrepreneur Development Training (EDT) as well as the need-based technical assistance necessary to operate and maintain the Association.

MEs organized into Associations are better able to access commercial loans and local resources, deliver more products on time, and make market linkages outside of their localities. Most importantly, they have the clout to demand fair prices for their products. Thus, Associations help MEs move beyond the local community into regional markets, where they can command a greater volume of raw materials and in turn produce more and compete with larger enterprises on a more level playing field.

Associations are created in conjunction with NGOs/MFIs and with JOBS' guidance because it is expected that NGOs/MFIs (from here on considered as BDS Providers) will be able to provide the BDS services to the Association and supply it with the necessary technical assistance to expand their businesses.

Eventually, Associations can become autonomous, as explained in the BDS Mechanism.

In the same manner, Forums consist of providers and facilitators with similar objectives and goals. They assist members in advocacy, knowledge sharing, networking with appropriate stakeholders, and facilitating resource synergies. Forums work best at the regional level because local and regional resources can be tapped that not only save members money, but build local capacities. Because Forums have proactive relationships with the business community, Chambers of Commerce and banks, the services of these organizations become more easily accessible. Forums also provide technical training and need-based skills to trainers, in addition to referring members to specific training institutions.

JOBS' experience is that working in partnership with regional NGOs/MFIs in a business relationship to become Providers helps promote formal and best business practices in the interaction with the ME constituency. It sets the momentum for the NGOs/MFIs interaction among themselves and with their recipients and results in less reliance on outside donor assistance.

JOBS provides necessary non-financial services such as technical skills, consulting, market access, infrastructure development and planning, input supply, technical and product development, and policy/advocacy as it builds the capacity of these organizations to provide realistic and valued business services. These services are not completely free as the Project insists that its NGOs/MFI partners participate in cost-sharing and joint management. These BDS Providers are then expected to transfer JOBS acquired knowledge directly to their ME recipients, again for a fee in order to be able to sustain themselves. Fees are charged on a graduated scale as the perceived value of the services, the capacity to deliver them, and the ability of the recipients to pay is increased. A key element in the BDS concept is that there is a fee for all services rendered as an incentive to competition and to the development of a business mind-set.

Facilitator and Provider Roles

Facilitators play a vital role in this effort, because most activities depend on building Providers' capacity and at the same time developing an enabling environment in which these Providers can easily compete and function in a formal business environment. The Facilitator focuses on promoting a critical mass of service Providers so that there is increased competition and better services for Micro Enterprise clients. An example of this is linking Providers with appropriate stakeholders so they can improve their business practices. JOBS, working with Providers, has made many market linkages that assisted MEs in getting better prices for their products. For example, the Project introduced local sari producers to a regional buyer, from whom they procured better prices for their garments than they were able to get from local middlemen, who were likely to take advantage of their ignorance and vulnerability.

A major role of a BDS Facilitator is to inculcate an entrepreneurial mind-set and build Provider capacity. Without a proper business mind-set it is difficult to expand a business, much less make a profit. At the conceptual level, JOBS is raising the business mentality in Bangladesh's informal and semi-formal sector, because the success of MEs depends on how business-like they are in conducting their enterprises and the strength of the institutions that serve them.

JOBS developed two types of training to instill this business mindset in their Provider's recipients: Enterprise Development & Business Management Training (EDBM) and Entrepreneur Development Training (EDT). The outreach and dissemination of these training courses has increased as partnering NGOs/MFIs (BDS Providers) see the benefits of training their MEs in EDBM and EDT.

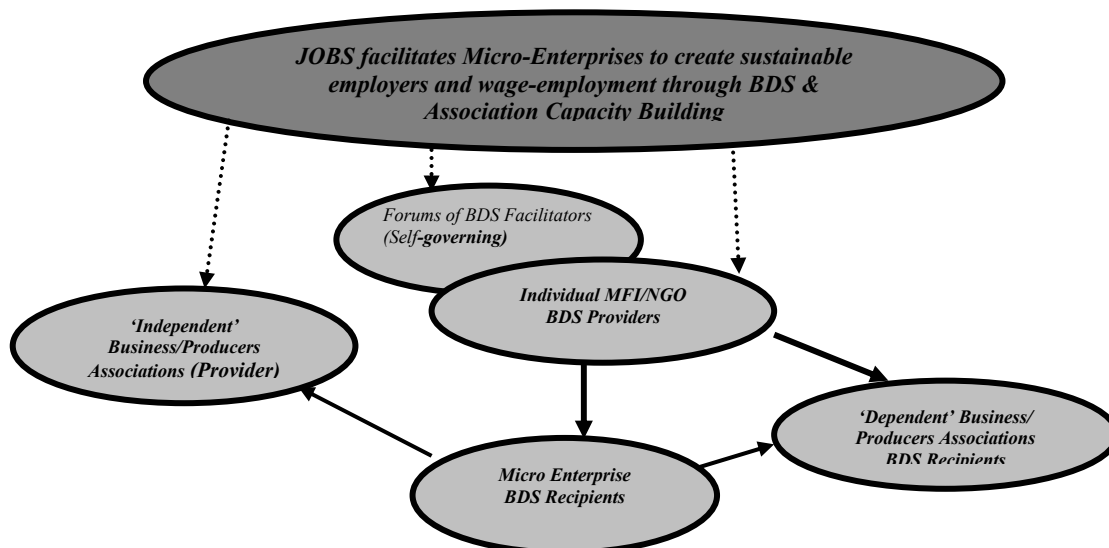
One way JOBS facilitates access to credit and markets for MEs is by strengthening and building Provider capacity to attract more lucrative markets, appeal to banking institutions and external sources of funds, and better manage micro loans. JOBS’ capacity training includes account, finance and savings management, accessing local resources, and marketing knowledge. JOBS also works closely with its partnering NGO/MFIs to improve their organizational, managerial and financial capacity so that they can transition into competent BDS Providers. For example, one of JOBS’ recipients, after receiving training and building technical skills, took the initiative to form its own training institution, where it charges a fee for BDS services rendered to its MEs.

BDS Providers take advantage of the services and assistance offered by JOBS to strengthen and mobilize their organizations, employees, and beneficiaries. The services they in turn provide to their MEs, namely access to credit, markets and skills, mimic those initially provided to them by the Facilitator. Providers can be NGOs/MFIs, government departments, Chambers of Commerce, private businesses, banks, etc., all of which will charge fees for their services. Charging fees is a new concept at the ME level and will take time to become completely accepted as it develops in most ME environments. Providers should start practicing cost sharing and joint-management with their MEs as the first step in this process. Once institutionalized, Providers will get a return on their investments because MEs will realize the value in these services and will willingly pay for them. In JOBS’ experience, this is true and works because the Project’s technical assistance and consulting relationships encourage participants to “buy into” JOBS development services and to disseminate the same skills and services to their MEs.

The NGO/MFI Business Development Service Providers will facilitate the development of Associations as well as continuing to service the needs of their MEs. Providers will promote top-end MEs to form Associations and assist them in their strategic and operational management. Forums, self-governing groups of NGO/MFI Micro Enterprise Providers with established constitutions, will manage and facilitate the groups’ overall function within the community by providing advocacy, networking, knowledge, information sharing, and linkage building. This will include links with markets, financial avenues, and the sourcing of a variety of services – from Forum members and from external resources as well.

JOBS’ BDS Mechanism as a Means of Poverty Reduction

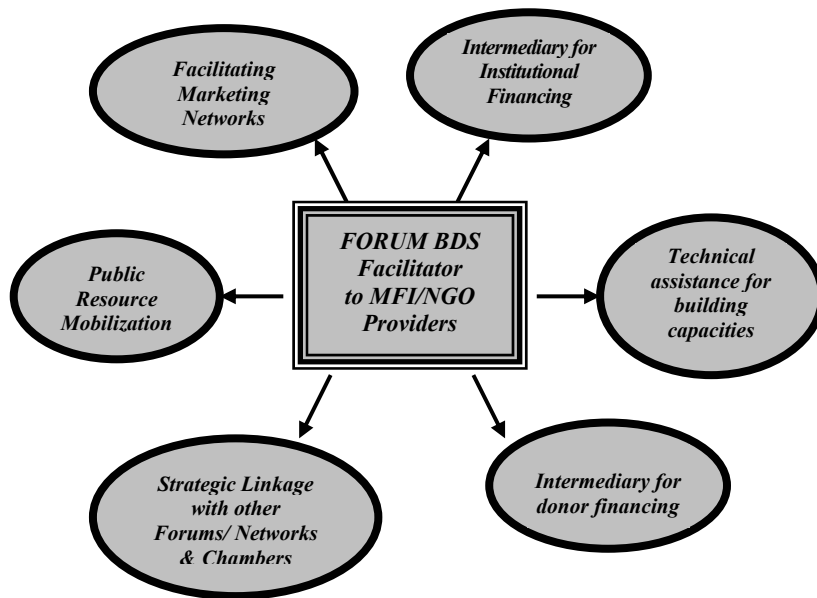
Figure 1: JOBS’ BDS Mechanism as a Means of Poverty Reduction



In JOBS experience, the BDS Mechanism is an umbrella that helps create Providers, Forums, and Associations from existing organizations, reshaping the current environment and the manner in which business is conducted at this level of the economy. Under this umbrella is the enabling environment that JOBS is trying to create, simultaneously facilitating BDS services to Providers, Associations and Forums in the initial phase.

In order to demonstratively leave something sustainable behind, JOBS has facilitated the development of Forums and Associations. Their functions, respectively, are to create a base of support institutions for NGOs/MFIs (Providers) and to bring like-minded MEs together to form marketing groups. Forums are independent and self-governing bodies composed of a variety of Providers with different strengths. As mechanisms for advocacy, networking, and accessing various resources, both internal and external, Forums draw on the strengths and capabilities of their members. Because they have good rapport with the business and financial community, Forums are helpful to regional NGO/MFI Providers, as well as their recipients/clients.

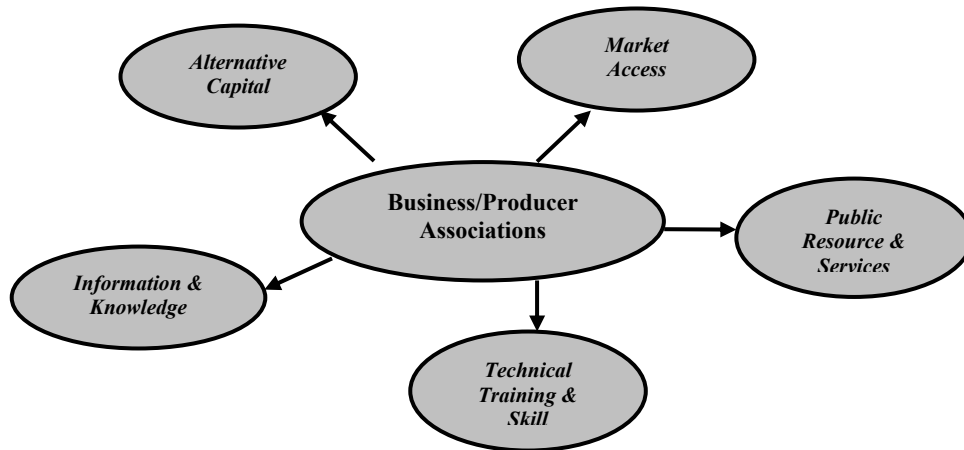
Figure 2: BDS Chart



Dependent' Associations are self-governing, autonomous groups with their own constitutions, but they rely on Providers for a menu of services ranging from micro-loans to market linkages and skill development. Associations provide their ME members with marketing linkages, knowledge and information. As organized groups of MEs, Associations have the clout to compete in more lucrative markets, obtain fairer prices and larger profits, and access a variety of services previously inaccessible as individuals MEs. The development and support of Associations also benefits the NGOs/MFIs by presenting an avenue to diversify their activities and create other revenue streams. Thus a mutually beneficial relationship is developed.

The 'independent' Associations/producers groups may be formed directly by an enterprising group of MEs or evolve from Associations developed by Providers. These Associations are self-reliant and not dependent on the NGO/MFI Provider; however, they may actually complement each other and/or share resources. These Associations are not NGOs/MFIs but provide a variety of services and benefits only to their direct members engaged in the same business, and not to other micro-enterprises.

Figure 3: Business/Producer Associations



As indicated in the BDS diagram, the NGO/MFI Provider will eventually be able to provide BDS services to Associations and MEs without JOBS’ support. However, Forums, self-managed and registered organizations, will continue to oversee activities and motivated MEs will continue to form more new Associations. Independent Associations are not part of a Forum but act as mechanisms to serve only the self-interest of their membership be it marketing cooperatives, skill development, or accessing commercial finances.

Using JOBS Integrated approach, Providers, Associations and Forums offer access to credit, market and skills to their beneficiaries. Hence JOBS training and guidance gets disseminated to the ME level so that they have the possibility of “graduating” from the poverty cycle via a more enabling environment with legitimate and fair access to markets, credit, knowledge and needed technical and business resources. This is a gradual process. Forums and Associations (independent or dependent) are not the cure-all – but they do offer choices and self-reliance to the degree they can be obtained.

Examples of Initial Practical Results

Banana Producers Association

JOBS facilitated and assisted the formation of the Banana Producers Association with TMSS, an NGO/MFI – BDS Provider in Bogra. The 50-member Association realized they were cultivating poor quality bananas and wanted to improve their product with TMSS’ and JOBS’ assistance. Because the area is well suited for banana cultivation, it is common practice to grow the fruit on any vacant land; there is also a 5-km banana market in Bogra where a number of suppliers and producers buy and sell bananas. There are 100,000 plus households in the area involved in banana cultivation, about 80 percent of them small producers who have extra space in their gardens to plant a few banana trees.

One more reason Bogra has a high concentration of banana producers is because neighbors tend to copy their peers and cultivate bananas, without considering the obstacles and difficulties involved. Farmers with a small vacant plot will cultivate the same product as their neighbor because they think it is easy and manageable. They fail to see the medium and long-term implications of their decision. For example, they are unaware that the soil goes bad after a certain number of years. They don’t realize how many years it takes to produce quality bananas, how to combat diseases, worms and other pests, or how to use chemicals and fertilizer properly to enhance productivity and quality.

JOBS identified several problems that these producers faced as individuals, including their lack of knowledge about banana cultivation, inadequate market access, poor profits and poor quality products. Through JOBS intervention and TMSS services, the Banana Producers Association found medium and long term solutions, including training on chemical use and quality assessment of banana shoots (plant grading), linking with the Dhaka market, and bringing TMSS and government agricultural extension resources together. With these new skills, knowledge, and resources, the Association can produce quality bananas, attract buyers, and reduce buyer/producer transport costs. Association members now avoid middlemen who formerly purchased their produce at less than a fair market price. As a group of producers, they are able to command better prices, produce more bananas, and deliver them in a timely manner. As individuals, it was difficult to understand and deal with all these problems, but the Association allowed TMSS to better understand the gravity of the situation and address it in a cost-effective and efficient manner to help the producers become much more productive in terms of product quality and investment returns.

At present, TMSS agricultural personnel and a government agricultural extension specialist are working together to support the farmers. They are collaborating in a demonstration plot where they demonstrate technical skills and cultivating techniques to Association members. After training on how to assess quality banana plants, the members benefit further from expert advice from the government agricultural extension specialist on how to care for plants and prevent diseases. TMSS, as a BDS Provider, thus linked them with local resources to improve their products and gave them important advice on how to form the Association. Through JOBS' capacity building in the past year and training of TMSS' Enterprise Development Workers (EDWs), they will eventually charge a service fee when demand for their BDS services grows. The BDS Providers that JOBS works closely with are beginning to develop and offer BDS services and disseminate their knowledge to beneficiaries. In the same vein, Association members are learning to share personal experiences and successful techniques, and realize the need to pay for value-added services.

Enterprise Development Forum, Chittagong (EDFC)

In addressing access to credit, markets, and skills in the long term, JOBS used the Association concept to create a sustainable, self-managed NGO/MFI (Providers) support Forum in Chittagong, which offers BDS services and training to its members in the region. The Forum is registered and functions as a support institution for the ME-BDS Providers, creating synergy among its member Providers through cross-training, knowledge sharing, and accessing a variety of resources that would be much more difficult to obtain individually.

JOBS is facilitating the development of this Forum into a support institution, which will act as both a Facilitator and Provider (depending on the need) capable of continuing JOBS' initiatives in a sustainable manner. Experience in working at the grassroots level has led JOBS to facilitate BDS Providers to assist their respective beneficiaries. The Project facilitated the creation of a Forum and Training Institution that offers Integrated Approach services, focusing not only on income generation and financial services, but also on how to utilize local resources to assist MEs in their skill development. The Forum may be a Provider now, but it is on its way to become a Facilitator due to JOBS' technical assistance and support. The Forum will offer training as well as assist NGOs/MFIs on how to access markets and credit, and transition into ME-BDS Providers. In effect, the Forum will continue the Integrated Approach to ME development modeled successfully by JOBS. The Forum will also be used as a vehicle to address various social issues such as education and health care to its member's beneficiaries, again attacking poverty from a holistic approach.

To build this resource base JOBS worked closely with NGOs/MFIs, bankers, Chambers of Commerce and the business community to sketch out a workable business plan for the Forum and develop its constitution

and by-laws. JOBS is providing technical support in the form of training to core members of the Forum and help in developing the implementation process.

Most recently, JOBS' EDBM training course trained 90 new trainers from 47 Forum Providers, who will later train their respective MEs in basic marketing analysis and organizational and financial management. The Project's EDT training (a separate and higher level module) also instructed the Provider's trainers on advanced business development and accessing alternative resources. Enhancing their training skills will improve and build on what they have learned. In turn, MEs benefit by having a strong resource base of knowledgeable and skillful professional providers to draw from.

The Forum will be sustainable in the long term from fees for its services and membership dues. The Providers and their beneficiaries will gain as well because of the value-added support and training received, which will improve and increase their business and income levels and socio-economic well being. As described, JOBS' efforts are geared towards reaching the most people by training the Provider's trainers, who will deliver services to their beneficiaries.

From the MEs perspective, they will benefit from the Forum as a support institution for their immediate BDS Providers to facilitate their access to credit, markets, information, skills, and resources. They will have access to avenues and mechanisms that they would not have if their BDS Providers were poorly informed and trained.

Analysis

It is important to note that the JOB' ME-BDS concept may not work for every developing country. A Micro Credit/Finance environment is believed to be a needed component. A holistic, integrated approach is required to tackle the various and often shifting barriers, including access to credit, markets and technical skills, as well as social needs. Since the JOB' ME-BDS concept relies on proactive and energized regional NGOs and MFIs to disseminate services, it is important to have them working in areas where ME growth has potential and where BDS outreach would have wider scope and greater impact on a larger number of MEs. An integrated approach is essential because MEs face many barriers to sustaining their businesses, let alone improving their living standards.

Having a strong and clear intervention approach is important to disseminate the JOBS' ME-BDS concept and services to other stakeholders. The Facilitator must have persistence and commitment to follow through until the assisted Provider is ready to provide services independently and/or has a strong Forum to act as a support mechanism.

Associations are becoming sustainable and can function like Small Enterprises or Small & Medium Enterprises (SME). They are quickly developing the clout to demand fair market prices for their products and are able to make timely deliveries of better quality goods in larger quantities than can individual MEs. They are becoming recognized as business entities by wholesalers, various market players, and commercial banks, which are beginning to offer loans directly to this level of the economy.

In the final phase of the JOBS' ME-BDS mechanism, Providers will also work with MEs. The progression is for the more proactive MEs to form Associations, which will help them access larger and more lucrative markets. This makes the Association less dependent on the NGO/MFI Provider, but it still retains a business relationship. The Providers then can expand and access more and new MEs and renew the process. It has also been discovered that some producer Associations, as they grow and become more sophisticated, can actually progress to fill a provider role totally independent of the NGO/MFI. The work JOBS did with the Pineapple Growers Association is a perfect example. This Association is now capable

of operating totally on its own and has been able to access specialized training, obtain working capital from commercial banks, and develop contractual market linkages on behalf of its membership.

Bringing together all stakeholders involved in the process helps mainstream, establish and develop the BDS market, which is essential for the BDS system to work. All stakeholders need to work together, advocate and share findings, costs, expertise and ideas, so as to gain the most from the interaction and relationship. However, what is more important is that all parties stay focused on the ultimate goals of facilitating a lasting impact, mainstreaming MEs, and creating a base of real employment and employers at this level. This requires not forcing something on a market or economic sector it is not prepared for, a lot of hand-holding (especially at first), joint management and cost sharing, a long term business approach with constant follow-up and mentoring, but with an exit strategy ready, establishing a base of support that is self-managed, involving beneficiaries in the decision making process, utilizing as many local resources as possible—the list could go on, but most important is constantly interacting with the ultimate beneficiaries we are trying to assist and always listening to them.

Again, the ME-BDS paradigm is new and its best practices have yet to be fully realized, because few BDS programs have successfully remained completely committed to the concept for the long haul. The JOBS' approach is working because it emphasizes identifying the leaders, both MEs and Providers, at this level of the economy to develop a lasting base that can make a wider impact. But more programs and research are needed to further the concept. The philosophy of how things work at other levels is not new, just the way it is being applied.

Conclusion

In summary, JOBS takes an integrated approach to achieve its objectives. JOBS' facilitation of BDS has proven successful and effective in making a positive impact on the management and operations of NGOs/MFIs, which have changed the lives of their beneficiaries. JOBS' technical assistance and facilitation of backward and forward linkages has helped ensure ME-BDS sustainability. The approach offers a comprehensive package because it integrates access to credit, markets, resources, and skills. Access to credit expands businesses, access to markets promotes competition, access to resources allows for alternatives and choices, and access to skills enhances human capacity. These aspects are inter-related and complement each other to bring about a holistic intervention package that gives IGAs, Micro and Small Enterprises much more than simple loans and isolated technical assistance.

The JOBS Project is a pioneer in this sector and would like to leave behind something practical and appropriate for Bangladesh. So many organizations and projects come and go without leaving anything substantive behind. JOBS, however, is leaving the Associations and Forums concepts for the Bangladeshi people to develop to best fit their needs. These concepts and the ME-BDS paradigm can truly improve the situation of the poor if the Integrated Approach is taken and regional NGOs/MFIs are committed to assist their ME beneficiaries.

It is important to remember who development is intended to help. The ME recipients are the ultimate beneficiaries, and, as such, deserve transparency and choices from the organizations that help them. Transparency is learned through practice; hence Facilitators and Providers must practice transparency so that it will encourage stakeholders to continue this practice, as well as other best practices. Giving choices means giving them alternatives that can change lives; ME-BDS is an alternative that should be offered at the grassroots level. It may seem difficult and sometimes impossible, but it is something that the JOBS Project has proven can work if the environment is nurtured and developed around the needs of struggling MEs, based on what they want and need, and not our perception of what that is, or should be.

ⁱ Committee of Donor Agencies for Small Enterprise Development, “Business Development Services for Small Enterprises: Guidelines for Donor Intervention,” (World Bank Group: Washington, DC, 2000) 12.

ⁱⁱ Committee of Donor Agencies for Small Enterprise Development, 5.

ⁱⁱⁱ World Bank, World Development Report 2000/2001, (Oxford University Press: New York, 2001) 280.

^{iv} Oxfam, “Bangladesh,” www.oxfam.org.uk, (1/1/2002) [1].

^v Financial Express, “IMF Delegation Criticizes Government,” 1.6.02.

^{vi} Jill Shankleman and Sarah Selby, “Understanding the poverty business interface: Experiences from Tanzania,” In Focus (Resource Center and ERM: UK, 2001) 7.