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FINAL REPORT

BUSINESS GROWTH INITIATIVE



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FINAL REPORT

BUSINESS GROWTH INITIATIVE

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Acronyms and Abbreviations

| | |
|-----------|---|
| A&ME | Asia and Middle East |
| AGCI/ KSA | Africa Growth and Competitiveness Initiative/ Knowledge Sharing Activity |
| AGETIC | [Malian] Agency for Information Technology and Communications |
| AMADER | [Malian] Agency for the Development of Household Energy and Rural Electrification |
| BC | Business centers |
| BDS | Business development services |
| BGI | Business Growth Initiative |
| BI | Business incubators |
| BIC | Business Innovation Center |
| BSP | Business service providers |
| CLIC | Community learning and information center |
| DOS | Department of State |
| EG | Economic growth |
| EGAT | Economic Growth and Trade |
| EGO | Economic Growth Officer |
| GEP | Global Entrepreneurship Program |
| GEPI | Global Entrepreneurship Program Indonesia |
| GW | George Washington [University] |
| ICT | Information communication technology |
| iMULAI | Indonesia MULAI (also known as Indonesia START) |
| ISO | International Organization for Standardization |
| KDMD | Knowledge-Driven Microenterprise Development [Project] |
| KM | Knowledge management |
| M&E | Monitoring and evaluation |
| ME | Middle East |
| MEASURE | Monitoring and Evaluation to ASsess and Use REsults |
| MSI | Management Systems International |
| NBO | New Business Opportunities [Program] |
| NGO | Non-governmental organization |

| | |
|------------|---|
| PDP | Pilot Demonstration Projects |
| PRA | Poverty Reduction and Alleviation [Project] |
| RAISE Plus | Rural Agricultural Income and Sustainable Environment Plus [Initiative] |
| RCI | Regional Competitiveness Initiative |
| SEADI | Support for Economic Analysis Development in Indonesia |
| SEBI | School of Islamic Business and Economics |
| SEE | Symposium for Entrepreneurship Educators |
| SENADA | Indonesia Enterprise and Agriculture Development Activity |
| SME | Small and medium enterprises |
| SOW | Scope of work |
| STAR | Support for Trade Acceleration [Project] |
| UMD | University of Maryland |
| USAID | United States Agency for International Development |
| USG | United States Government |
| VEGA | Volunteers for Economic Growth Alliance |
| WA | Work assignment |

Section I: Project Summary

A. Origin of the BGI Project

The Business Growth Initiative (BGI) Project was conceived in 2005 as a project to permit the EGAT/Enterprise Growth Office to promote best practices in enterprise development among USAID staff and missions, as well as the enterprise development community of practice in the international development community at large. It was designed to permit the EG Office to provide intellectual leadership in this area, and serve as a vehicle to provide technical assistance to missions on enterprise development activities. While the EG Office had a Senior Enterprise Development Advisor who provided a number of these services, the BGI project permitted the Office to magnify those efforts and broaden the impact of those services to USAID missions and bureaus.

A key objective of the BGI project was to provide support to USAID missions on enterprise development that was not tied to the size of the enterprises. Existing USAID mechanisms and support frequently focused on either microenterprise development or small and medium enterprise (SME) development. The EG Office believed that enterprise development should be undertaken without focusing first on the size of the enterprises to be assisted. The basic approach promoted by the EG Office for economic growth in a country was to first analyze the economy of that country and determine the best ways to promote economic growth. This approach usually resulted in an approach to promote sectors, clusters or value chains that had the best prospects for growth. Project or program activities would usually seek a combination of activities to improve the enabling environment, to improve business management practices and workforce development, to improve access to finance, and to increase access to markets for the targeted sectors. Only after the basic analysis of the economy was done and the best prospects for growth were determined would specific activities to promote SME development and microenterprise development be designed. Best practices often meant tying SMEs and microenterprises with larger enterprises operating in sectors or clusters that held promise for growth. This approach provided a natural tie-in with USAID's emphasis on increasing public-private alliances.

The decision was made to procure services for the BGI project as a small business set-aside, because experience had demonstrated that larger contractors often would not engage in project designs nor evaluations of existing projects because they did not wish to be disqualified for the implementation of a project in the field. It was believed that a small business might typically either (1) not have the capacity to implement field projects, or (2) would choose to focus on the design and evaluation of projects, foregoing the possibility of implementing projects in the field. This would permit them to assist in the design and evaluation of enterprise development projects in the field in order to promote best practices. This assumption proved to be true; the BGI project provided extensive services to missions for design and evaluation of enterprise development projects.

In addition, the BGI project was designed to both provide technical briefs on topics of current interest in the enterprise development community and facilitate workshops on similar topics. The BGI project also provided training courses in enterprise development to USAID staff and participated in a number of the courses conducted by the EGAT/EG Office for USAID officers in economic growth and private sector development. This report elaborates on the implementation of these varied activities.

B. Project Award Overview

In 2006, USAID's Office of Economic Growth of the Bureau for Economic Growth, Agriculture and Trade (EGAT/EG) awarded the Business Growth Initiative (BGI) to promote best practices in enterprise development as a catalyst for economic growth. USAID's main partner was Weidemann Associates, Inc. (prime contractor) with J.E. Austin Associates and Management Systems International (MSI) (subcontractors). The value of the BGI time and materials contract was USD \$4 million, with a 2-year base period and three option years. USAID exercised all option years and increased project funding to USD \$4,247,759. With USAID approval of a no-cost extension, the project's final end date was extended to December 31, 2011.

USAID adjusted BGI's expected outcomes based on demand and resource availability. In Year 3, limited resources and competing priorities curtailed BGI's research projects. USAID/EGAT's own knowledge management initiatives reduced the need to continue BGI's knowledge management support services. Therefore in Quarter 1, Year 5, activities related to the knowledge portal, technical briefs, Washington-based knowledge sharing events and outreach and communications ended. Remaining priority activities were demand driven and cost shared with Missions, the U.S. Department of State (DOS) and external partners.

BGI provided technical leadership in enterprise development to USAID, its development partners and the wider communities of practice in enterprise development. The project built upon the *Enterprise Development Study and Handbook* financed by EGAT/EG. Assistance through project designs and evaluations, technical research and briefs, workshops and seminars and pilot demonstration projects characterized the range of BGI activities.

This section provides an overview of the project and offers highlights to thematic and operation considerations, including outreach and communications, to emphasize the project's success.

C. Project Mission and Objectives

As a center of excellence to promote best practices in enterprise development, BGI identified and encouraged approaches and interventions to generate the best opportunities for business growth and economic development. As a knowledge generation and management activity, BGI worked throughout the cycle - knowledge generation, capture, sharing and application - to reduce ambiguities between implementing policies and activities supporting enterprise development. To achieve its mission, BGI worked closely with its primary audience and stakeholders: USAID staff and personnel, implementers and practitioners. BGI objectives supported the project's mission, ensuring wide engagement of practitioners, collaboration with Missions and well-identified thought leadership.

| BGI Objectives |
|---|
| Improved program/project designs , utilizing best practices in enterprise development in at least four Missions per year |
| At least two research projects annually on specific aspects of enterprise development |
| Technical Briefs or Notes from the Field produced and disseminated at least four times a year, focusing on aspects/trends in enterprise development |
| Host at least three seminars/workshops per year in the United States and overseas to promote the application of lessons learned and best practices in enterprise development |
| Implement at least two annual Pilot Demonstration Projects (PDP) in Missions with a demonstrated interest generated from outreach to those missions |

C: Evolution of Enterprise Development

USAID's seminal work, *Enterprise Growth Initiatives: Strategic Directions and Options* (2004) generated a comprehensive overview of enterprise development and served as a basis for BGI. This final report highlights the state of enterprise development at project inception and its evolution since.

"...all economic growth takes place at the level of the productive enterprise..."

Arnold C. Harberger,
Economist

In 2006, most technical assistance to promote enterprise development was strongly focused on *firm-level interventions*, frequently featuring *business development services* (BDS) delivered through *enterprise development centers* or similar entities or through *enterprise-level training*. The dominant approach in enterprise development activities was also very *transaction-oriented* with a heavy focus on *facilitating deals*. Little attention was paid to sustainability.

Since that time, enterprise development theory and praxis have undergone several changes. USAID has moved away from enterprise-level interventions due largely in part of its perceived cost inefficiency and the recognition that many factors affecting enterprises are beyond the firms' immediate control. In turn, USAID has tended to view enterprises as part of larger systems linking enterprises to one another and to markets. In fact, *value chain analysis* – the process for understanding systemic factors and conditions under which a value chain and its firms can achieve higher levels of performance - became a predominant force in economic growth programs. Those projects focusing on service delivery at the enterprise level now do so by bolstering the capacity of local business service providers (BSP) and making them *market-based* and *sustainable* rather than setting up service centers.

Entrepreneurship, *new business formation* and *innovation* have emerged as themes to promote economic development. The U.S. Department of State (DoS) was among the first agencies to identify the relevance of entrepreneurs to economic growth. USAID, with its long history of working with micro entrepreneurs, followed suit given its recognition of direct links between entrepreneurship promotion and job creation, especially for youth. Microenterprises have been, and will continue to be, an Agency priority for the remainder of the current Obama administration. To date, USAID's focus has been primarily on policy reforms, e.g., those that

address the World Bank's *Doing Business* index, in an attempt to encourage smaller enterprises to formalize and grow. USAID/Egypt's Economic Competitiveness project, however, is engaging growth entrepreneurs as catalysts of economic growth and job creation.¹

Farming as business enterprises also gained currency and will likely remain quite relevant given USAID's explicit priority given to food security, e.g., 2011-2015 Policy Framework, and the agricultural sector's prevalence in many developing countries. Moreover, USAID has now significant understanding of the needs of enterprises in conflict-affected and post-conflict situations.² Many of these approaches, however, have yet to be incorporated in post-conflict and disaster recovery programs.

D: Outreach and Communication

The BGI website or knowledge management portal was the primary medium for project outreach and communication. Established in Year 1, the portal contained more than 60 pages of content and served as an information clearinghouse for enterprise related events, publications and news. After implementing a more comprehensive outreach and communications strategy in Year 2, the demand for BGI products and services increased. Activities included writing and distributing the BGI quarterly newsletter, actively networking with USAID personnel and other economic growth (EG) project implementers and establishing relationships with universities and other institutions. The strategy focused on BGI's primary audience and used approaches to attract attention and promote services. The quarterly newsletter included input from other USAID projects. BGI also solicited submissions of project best practices and published them. Those who had worked with BGI in Year 1 were asked to be project references.

The strategy increased awareness of BGI products and services while supporting the project's overall knowledge management mandate. By targeting organizations, projects and Missions, BGI was able to identify collaborative opportunities with the Heritage Foundation, engage new university partners with USAID, e.g., Babson College, and strengthen partnerships with other universities, e.g., University of Maryland.

By 2011, BGI benefited from a robust mailing list of 3,000 active entries and cemented its foundation as a center of information on enterprise development. Unsolicited requests for information and participation and linkages to new reports and research corroborate BGI's success.

E: Project Management and Operations

The prime contractor developed a flexible and responsive project management system to meet BGI's objectives and respond to project audience and stakeholders. BGI's key personnel included a project manager and lead technical advisor; BGI contractors and their employees and consultants that implemented BGI activities through work assignments. BGI contracting partners, stakeholders and counterparts, including Missions and bureaus, collaboratively

¹ Growth and necessity entrepreneurs are distinguished by their motivations for starting their business not by size. Growth (or opportunity) entrepreneurs are those who seek and exploit opportunities. Necessity entrepreneurs generally would prefer to be otherwise employed, e.g., in a larger enterprise or public sector. While it is uncommon to find a necessity entrepreneur managing an enterprise of substantial scale, growth entrepreneurs frequently do so.

² Gerstle, Tracy, Tim Nourse, et. al. *Market Development During and Post-Conflict: Emerging Lessons for Pro-Poor Economic Reconstruction*. USAID Office of Microenterprise Development: Washington, D.C., 2007.

developed work assignment objectives, scopes of work (SOW) and resource allocation. The BGI Contract Officer's Technical Representative provided oversight and approval of resources and deliverables. In Year 1, monthly reports tracked start-up activities, including development and approval of the BGI website as an initial research activity. In Year 2, USAID amended the contract to reduce reporting to quarterly and annual reports. Quarterly and annual reports and annual work plans were used for project management oversight and technical reporting and guidance.

Work assignments proved to be easy and flexible mechanisms to engage BGI expertise and support for project design, assessment, analysis, evaluation and training. Mission-specific support activities could quickly be identified and BGI engaged by submitting concept and activity SOWs. Flexibility of work assignments also enabled buy-in for support activities. Core funding was allocated for administrative and management purposes, including website development and maintenance, and outreach and communications. All other activities sought buy-in and cost sharing opportunities. This mechanism enabled BGI to leverage more than USD \$2 million during the life of the project.

Throughout BGI, we endeavored to further the knowledge about what works and what doesn't work in enterprise development. The sections that follow illustrate some of the paths that we chose to follow.

Section II: Project Activities and Accomplishments

BGI achieved its mission and objectives through a comprehensive set of outcomes that supported USAID's Knowledge Management Strategic Framework and the cycle of knowledge generation and management. BGI's activities with the most impact were implemented within the framework and in collaboration with stakeholders. Generating knowledge of best practices happens largely at the implementation level. With this understanding, BGI conducted all activities in close collaboration with stakeholders, and when feasible, it implemented them jointly.

| BGI Outcomes |
|--|
| <i>Outcome 1: Improve Enterprise Development Project Designs</i> BGI provided assistance to USAID Missions in the form of project designs, assessments, evaluations, strategic reviews and enterprise diagnostics. These activities enabled BGI to capture, share and apply enterprise development best practices. |
| <i>Outcome 2: Conduct Research Projects</i> BGI research activities generated and captured innovative thinking on enterprise development. |
| <i>Outcome 3: Develop and Disseminate Technical Briefs</i> BGI captured and shared research, implementation experience and innovation in enterprise development through published technical briefs and notes from the field. |
| <i>Outcome 4: Convene Seminars/Workshops on Best Practices</i> BGI actively sought to bring practitioners together and facilitate knowledge sharing through seminars, events, trainings and conferences. |
| <i>Outcome 5: Implement Pilot Demonstration Projects</i> BGI tested new approaches to knowledge management and specific enterprise development concepts. |

BGI significantly contributed to enterprise development thinking, designing successful enterprise development activities and advancing practical tools and training programs. These contributions represent the cross-cutting nature of enterprise development and the complexities of knowledge management activities. Section II summarizes those activities, achievements and knowledge management tools that best represent USAID's legacy through BGI.

A. Current Themes in Enterprise Development

Information communication technology (ICT), innovation and entrepreneurship in enterprise development and economic growth remained relevant themes throughout the life of project. These themes dominated BGI's work and will continue to be part of the emerging thought leadership.

A.1. Information Communication Technology

BGI sought to identify enterprise development themes that focused on specific sectors and value chains and undertook several assignments that dealt with ICT and development. These included: an assessment of the ICT sector in Kosovo; a technical brief on targeting ICT as a sector; a report addressing the way that ICT can catalyze enterprise competitiveness; business models to improve Internet access in Mali; and an assessment of potential uses of ICT to enhance the success of USAID/Indonesia's future agricultural projects. In addition, BGI supported events in collaboration with the United Nations Foundation's Technology Salon and the United Nations Commission on Sustainable Development NGO Forum on the changing role of ICT in economic growth and enterprise development.

The first work assignment helped USAID/Kosovo determine the readiness and appropriateness of selecting the ICT sector for program support. BGI subsequently published *When Should the ICT Sector be a Target for Private Sector Competitiveness Work?* as a technical brief. Written after extensive discussions with USAID Missions and implementers experienced with programs focusing on ICT as a target sector for export, the brief included the following conclusions:

- USAID projects should rigorously identify and apply target sector selection criteria used in competitiveness programs to the ICT sector and assess the ICT's sector potential for meeting key targets, e.g., more employment or business revenue *relative* to other non-ICT sectors.
- ICT's catalytic effect on economic growth resulted from its ability to enhance productivity and innovation. For USAID economic growth projects, this translates into leveraging ICT's catalytic effect with a variety of activities different from those that focus on growth of a country's ICT sector itself. Among these, the brief cited helping to increase the chances businesses can see and implement ways to use ICT to boost competitiveness and increasing access to affordable telecommunications services or devices.
- Activities aimed at ICT's catalytic effect could be broad based, e.g., improving the telecommunications legal and regulatory environment to increase fair and open competition and encourage innovation, or incorporated into project work with specific non-ICT target sectors.
- In some cases, projects showed that working with ICT as a target sector can be successful. It appeared, however, that the sector had relatively modest impact and represented modest gains to a country's economic growth.

For non-ICT target activity, the brief addressed ways ICT could help address constraints faced by businesses in the sector or offer opportunities to increase their competitiveness. BGI recommended incorporating ICT during sector analyses, strategy development and implementation.

The second work assignment also led to development of another technical brief. Entitled *How Information and Communication Technologies can Catalyze Enterprise Competitiveness*, the brief built on assertions from BGI's first technical brief, which emphasized that ICT is often better viewed as a cross-cutting sector supporting competitiveness across industries rather than as a target for export promotion. The second brief focused on ICT's role in creating market and horizontal and vertical linkages and increasing productivity and operational effectiveness. The brief addressed the way ICT can be incorporated to learn about customers, markets and the market environment; reduce transaction costs and waste; and streamline or automate processes.

Through these foundations, BGI developed six business models to improve Internet access and the ICT environment in Mali. The models included a rural ICT center, a temporary ICT center, a non-business hour center, a tourism multimedia center, an agriculture marketing center and a village communication system. Primary references were drawn from successful ICT centers in Kita, and Mopti (a local community learning and information center or CLIC) and Kolokani; the Malian Agency for the Development of Household Energy and Rural Electrification (AMADER) in expanding electricity service; and market opportunities implemented for Internet customers. BGI's analyses and business models were presented at a stakeholder meeting where participants agreed to form an Internet working group under the Agency for Information Technology and Communications (AGETIC).

BGI's Indonesia ICT assessment also looked specifically at the ways ITC can be used to enhance agricultural productivity. Three key recommendations emerged from BGI's work:

- Leverage ICT to train more farmers using ICT channels, such as videos and radio.
- Use mobile money or banking approaches to make it easier and safer for farm product buyers, e.g., cocoa, to pay farmers.
- Provide ICT workshops at project start-up so that USAID, project implementers and new teams benefit directly from results of ICT assessments and understand technical and business models and best practices to design and implement sustainable and scalable ICT services. The ICT workshop would provide options for selecting vendors and partners and raise awareness of alternative approaches to measure rigorously the impact of ICT on smallholder productivity and income.

While each project described above was a discrete activity, they represented a clear evolution in USAID's thinking about ICT - from common wisdom of treating ICT as sector with export potential to a better understanding of ICT's critical role in development as contributing to sectors' success rather than the need to be "ICT-competitive" in world markets. It is imperative that Missions and implementers consider the way that specific applications in a particular sector may be useful to the strategies of that sector; as well as the ways that the local ICT industry can be assisted to in responding to the needs of enterprises. This thinking played a critical role in altering USAID's approach to ICT in its solicitations during BGI's implementation.

A.2. Entrepreneurship and Innovation

Entrepreneurship and innovation emerged as new themes in enterprise development during the life of the project. Building on the exiting knowledge base on the role of entrepreneurship and innovation, BGI conducted a series of activities that culminated in the creation of a handbook for U.S. government staff and personnel working on entrepreneurship programs. BGI researched and analyzed various economic indicators; collected experiences from experts and successful entrepreneurs; conducted the feasibility study for an innovation promotion center; and collected and drafted guidelines for collaboration with the Global Entrepreneurship Initiative.

BGI's first analyzed the role of entrepreneurship and innovation in enterprise development through various economic indicators and their relationship to promoting entrepreneurship. The project's analysis of the World Bank's *Doing Business* index, World Economic Forum's *Global Competitiveness Report*, Heritage Foundation's *Index of Economic Freedom* and the Global Entrepreneurship Consortium's *Global Entrepreneurship Monitor* highlighted academic, social and policy attributes with the potential to affect the role of high-growth entrepreneurs. The BGI report, *Alternative Business Enabling Environment Indicators: A Review*, was followed by a forum in Washington, DC hosted at the Heritage Foundation in 2008 featuring panelists from various organization and index generators.

In 2008 and 2009, BGI participated in the Global Entrepreneurship Week which brought forth international perspectives on entrepreneurship and innovation and contributed to the global dialogue on these topics. BGI sponsored an expert panel on *Practical Examples of Entrepreneurship Development Worldwide* (2008). The panelists highlighted the importance of collaboration with universities and educational institutions as a means to improve business education and create stronger linkages among scientists, engineers and business; the role of youth organizations such as INJAZ – a Jordanian organization whose mission to create a community of entrepreneurs and qualified employees; and a supportive business enabling

environment. The discussion spawned critical questions on accessing finance, specifically, the availability and access to venture capital and “angel” funds; supporting transitions from microenterprises to small and medium-sized businesses; and the role of universities and business incubators. In 2009, BGI presented *Entrepreneurs’ Voices*, an innovative media presentation and collection of interviews with entrepreneurs from around the world who discussed keys to their success and challenges they faced. This event built on BGI’s knowledge base by adding entrepreneurs’ first-person accounts to identify and build upon business opportunities. Their experiences serve as a lasting foundation to support the culture of entrepreneurship.

In Year 5, BGI developed an entrepreneurship toolkit in collaboration with the DoS’ Global Entrepreneurship Program (GEP). BGI interviewed 44 GEP partners and 5 non-GEP partners actively involved in entrepreneurship activities and reported their best practices. The toolkit’s primary recipients are USAID and U.S. Embassy economic growth (EG) officers worldwide and offers the U.S. government recommendations and best practices to design and implement entrepreneurship programs in conjunction with dozens of partners already doing so. The toolkit

Objectives of BGI’s Knowledge Management System

- Capture, provide custodianship, and perform taxonomy of all information, data, analysis, and any other written material produced under the BGI project
- Create a standard framework for knowledge creation, sharing and vetting
- Disseminate lessons learned, best-practices and professional training in appropriate multimedia formats
- Provide technical-support and outreach to USAID Missions, host-country decision makers and other domestic U.S. and international development and support organizations
- Coordinate donor and knowledge management linkages
- Create and support communities of practice

featured partners’ insights on ways to improve and strengthen GEP. These recommendations served to support GEP’s future strategic planning and program development. The toolkit also collected practical instructions that USAID Mission officers can replicate or use to leverage new partners when designing, implementing or monitoring entrepreneurship programs. After collecting a variety of best practices, BGI aimed to provide realistic ways for USAID to establish new partnerships or build upon existing programs. In late September 2011, BGI presented the toolkit at a DoS event,

subsequently disseminated it electronically to every USAID Mission and U.S. Embassy, and also made it available online to the public.

B. Knowledge Management Tools and Training

Knowledge dissemination and its application through tools and training were effective methods to reach broader audiences and supporting the implementation of best practices. BGI’s interactive resources enabled stakeholders to use information and best practices and determine best application based on their needs and country circumstances. The knowledge portal provided a single hub of information and resources; the MEASURE enterprise development diagnostic tool enabled USAID better analyze micro-economic environments; and BGI events and training programs disseminated specific information directly to individuals.

B.1. Knowledge Management Web Portal

The BGI scope of work required a knowledge management system to be implemented as to provide continuous outreach. In Quarter 1, Year 5, knowledge management activities - including the knowledge portal, newsletters and briefing seminars - ended or were transferred to USAID/EGAT.

Knowledge management was a core function of BGI activities. Demand for information drove the initial design of the BGI knowledge portal, which became a single site hosting dozens of pages of information relevant to enterprise development and building a community upon which the exchange of experiences and ideas could foster improved project implementation and impact. BGI's website went live in Year 1. In subsequent years, the website underwent significant restructuring to meet changes in user demand and bring more information to the community at large.



Figure 1: Snapshot of BGI landing page

Among the BGI website's features were lists of USAID enterprise development projects; project SOWs; and events and training programs related to enterprise development. Featured publications by USAID, BGI and the development community capturing thought leadership and new findings were included. The web portal also served Mission support activities through *TeamSite*, enabling users to easily access BGI resources and communicate easily with other interested parties.

Other key features and facts of the BGI website include:

- Average site visits: 1,300 per month
- Regular updates of website pages, with new documents being added to *Key Practice Area* pages and *Studies in Enterprise Development* page; additions to the USAID project list; new events; and inclusion of new research and events hosted by BGI
- Changes to the website, e.g., full re-design to ensure uniformity, consistency and ease of use; re-writes of page descriptions to clarify page's purpose and relationship of content to each area of enterprise development; addition of photos to improve visual impact; and launching *TeamSites* for participants of events to find relevant information or browse publications

The BGI site and all public domain information have been officially transferred to USAID and is found at <http://egateg.usaid.gov/bgi>.

B.2. MEASURE Enterprise Development Diagnostic Tool

The tool was developed specifically for EG officers, so that MEASURE can be conducted several times over the course of a project to assess whether the project is having its intended impact. BGI first tested MEASURE in Ethiopia and subsequently in Armenia and Indonesia.

MEASURE enables USAID Missions and practitioners to understand the impact that the business enabling environment has on investment, operational and strategic decisions. Missions can use MEASURE to examine the state of the micro-economic business enabling environment supporting enterprise development, its impact on business behavior and behavioral changes resulting from changes in the enabling environment over time. The tool can provide key inputs into new project design while also serving as a monitoring and evaluation (M&E) tool to evaluate project performance, providing the necessary information to make real-time adjustments when programmatic interventions do not have the intended impact.

"[MEASURE] is an excellent tool for missions...and I highly recommend the tools developed for other missions. The analysis provided us a better understanding of SME needs within Armenia and greatly contributed to improved decisions on the design of the new activity."

David Hull, Director, Economic Growth Office, USAID/Armenia

The MEASURE tool is comprised of two parts: an *assessment of enabling environment indicators* and an *enterprise survey*. Indicators are drawn from publicly available data sources, such as the World Bank's *Enterprise Surveys* and *Doing Business* index and the *Global Competitiveness Report*. These are snapshots of key elements of legal, regulatory, and competitive environment; workforce and skills development; access to finance; knowledge, technology; and access to services. The data also provides information on enterprise structure, performance and sophistication. To ensure the appropriate frame of reference for understanding a country's performance on these elements, a set of comparative countries are selected against which country performance is benchmarked. These may be regional competitors and countries outside of the region with similar geographic or demographic characteristics or a combination of the two.

The enterprise survey provides insights into enterprise-level decision-making and improves USAID's understanding of enterprise-level structure, performance and sophistication. The data collected in the survey is then collated and compared with the results of the analysis of the indicators to address enterprise behavior and decision-making responses to the enabling environment in which enterprises function. When conducted more than once, MEASURE allows USAID to gauge changes in the enabling environment or enterprise behavior in response to these changes in the enabling environment.

In each Mission using MEASURE, local consultants or USAID personnel participated in surveys, helping them gain a fuller appreciation of MEASURE's efficacy and ability to replicate. The full diagnostic tool is attached as Annex III at end of this report.

B.3 Knowledge Sharing Events

BGI sponsored or supported more than 25 knowledge sharing events, training programs and conferences. These events facilitated the exchange of new ideas, approaches and successful practices in enterprise development. Their diversity reflects BGI's flexible approach to knowledge sharing. Events included morning presentations (*Daybreak Discovery*), expert panel forums, thematic roundtable discussions, international conferences and specially designed training programs. In keeping with BGI's core function, events were collaborative *and* knowledge sharing and gathering activities. *Daybreak Discovery* presentations invited experts

for topical discussions or to present concepts and papers developed outside of BGI. Expert panel forums and roundtable discussions engaged other international donors and practitioners. All international conferences and workshops were collaborative efforts with host Missions and other USAID activities. This subsection highlights three international conferences and workshops offered.

Regional Best Practices Workshop

In June 2008, BGI partnered with the Europe and Eurasia Bureau's Regional Competitiveness Initiative to host the *Caucasus Regional Best Practice Workshop*. The event brought together experts, implementers and the private sector to explore emerging themes in enterprise development in the region: BDS, ICT, tourism and prospects for regional integration and cooperation. Experts and presenters were drawn from the intended audience and included private sector business and associations when feasible. BGI gathered more than



Figure 2: Regional Best Practice Workshop, Armenia, 2008

200 participants from Europe and Eurasia and attracted USAID/Washington specialists and leading experts in tourism and ICT.

Innovation and Enterprise Development Conference

In April 2009, USAID/Jordan and BGI conducted a joint, two-day workshop and conference for USAID staff and personnel. Sessions built upon on the participant's experience and expanded on the value-chain training they received in 2008. The training was largely designed around learning elements of the MEASURE tool and helped participants better interpret economic indicators and appreciate the role of facilitation and value-chain mapping.

The conference engaged other donors, the private sector and universities in a similar format to the Regional Best Practices Workshop. The event attracted leading figures and presenters from the region who addressed green investment, tourism, access to finance and developing public private-sector partnerships.

Enterprise Development Course

BGI offered a one-week training course based on its research and experience providing Mission support and in collaboration with the Asia and Middle East Bureau and the Knowledge-Driven Microenterprise Development (KDMD) project. The target audience was new USAID staff and Foreign Service Nationals and featured approximately 40 participants with varied levels of skills and knowledge of enterprise development. Sessions were recorded by the KDMD project for future use on-line.

The objective of the course, held in Bangkok, was to strengthen participant's ability to understand key concepts of enterprise development and improve impact and results by strengthening their ability to design, manage and implement programs. The course used traditional elements of USAID enterprise development training, including learning activities, case studies, presentations by development experts and site visits, e.g., the Small and Medium

Enterprise Bank of Thailand. The first two days centered on theoretical aspects of enterprise development. BGI hosted sessions on business enabling environment, access to markets and business services development. During the remaining two and a half days, participants focused on practical case studies and interactive learning activities. At the end of the course, project groups presented mock designs for enterprise development projects.

C. Support to USAID Missions and Bureaus

Providing direct support to USAID Missions and Bureaus was another core function of BGI and critical to implementing the knowledge and resources BGI had acquired. BGI conducted 12 individual Mission-support activities, few of which were stand-alone work assignments but which all contributed to BGI's collection of information and knowledge. Support services ranged from researching background information to drafting new country strategies, MEASURE assessments and project designs and evaluations. This section presents BGI support activities that best represent the project's impact across multiple activities.

C.1. USAID/Indonesia Mission Support

Economic Growth Assessment (2008)

In 2008, USAID/Indonesia requested from EGAT/EG an in-country assessment of the Mission's economic growth programs and strategy as part of its preparations to develop the Mission's 2009-2014 strategy. The objective for the assessment team was to identify lessons from EG interventions and develop detailed recommendations for future interventions. USAID's USD \$80 million EG program in Indonesia had focused on job creation and income generation through activities aimed at improving the trade and investment climate, increasing agribusiness and industry competitiveness and enhancing financial sector reform.

BGI's report presented recommendations that met USAID's objectives and aligned with the Indonesian government's; needs expressed by stakeholders; and corresponded with USAID's comparative advantages. The assessment identified key cross-cutting themes: workforce development; establishing linkages with universities; catalytic effects in programs when systemic impact opportunities were limited; local ownership of concepts and processes; focused and flexible program designs to meet changes in global markets; and economic growth activities with a direct relationship to sustainable management of natural resources.

BGI's specific recommendations included: assistance to the finance sector through regulatory assessments, training and other types of capacity building; establishment of tariff teams and regulatory impact assessments for trade and investment; Global Development Alliance partnerships and support to service providers to aid business development; assistance to local governments in planning and infrastructure logistics; and bolstering research staff with post-graduate or doctoral training in the United States to improve applied research. The latter was aimed at addressing and resolving several policy issues in horticulture; and renewing linkages with U.S. land grant universities.

USAID/Indonesia was extremely satisfied with BGI's work and in 2010, engaged BGI for additional analysis and support.

MEASURE Indonesia (2010)

In October 2010, BGI analyzed enterprise development in Indonesia by applying the MEASURE tool in four sub-sectors: garments, home furnishings, automotive parts and electronics. The BGI team surveyed 106 enterprises and 8 associations representing those priority sub-sectors in

Jakarta, Bandung, Surabaya and Yogyakarta. Assessment findings indicated that access to finance did not appear to be a constraint. In fact, the BGI assessment showed stronger-than-average growth of exports, diversification of exports and nature of competitive advantage and above-average intensity of local competition. BGI found weaknesses in low enterprise sophistication (as reflected in low percentages of ISO certifications); low levels of workforce development (as reflected in lower-than-average percentage of firms offering formal training); lower-than-average labor productivity; and low production process sophistication. Moreover, the MEASURE tool showed that firm-level competitiveness was hindered by inadequate access to technology.

MEASURE Plus Indonesia

This activity built upon the findings of BGI's MEASURE report and sought to identify potential indicators and outcomes for new USAID economic projects, specifically the Support for Economic Analysis Development in Indonesia (SEADI) project. The report summarized the findings of four experts on the strengths and weakness of Indonesia's business climate, its trade and investment regime, the non-bank finance sector and labor laws. Specifically, the report included a matrix of potential outcomes and indicators for each sector examined. This activity also included a rural ICT assessment.

IMULAI

IMULAI (from *Indonesia MULAI* or *Indonesia START*) was an extension of the ICT-based Business Innovation Competition sponsored by Microsoft Indonesia and USAID/Indonesia begun in 2007 under USAID's Indonesia Enterprise and Agriculture Development Activity (SENADA) as a way to support Indonesia's competitive, knowledge-based economy. The competition helped commercialize winning ideas and innovations and engaged and promoted investment in entrepreneurs and startups. The nationwide IMULAI competition was open to established businesses and startups. IMULAI looked for business innovations with the potential to succeed in the marketplace. Different from other competitions focusing on ICT innovations or business ideas, IMULAI looked for a combination - *new and innovative businesses spurred by ICT innovations*. BGI assisted in identifying investors or venture capitalists to participate in-person or via video conference in the competition in Jakarta.



Figure 3: WHO introduces Secretary Clinton at Regional Entrepreneurship Summit, Indonesia, 2011

Regional Entrepreneurship Summit

In July 2011, USAID/Indonesia in collaboration with GEP hosted the Regional Entrepreneurship Summit, which featured high-level speakers such as Secretary Hillary Clinton and Google CEO Eric Schmidt. With more than 400 participants, the summit successfully promoted and celebrated the culture of entrepreneurship. Early on, BGI provided logistical and financial support for the event. BGI also provided transportation and lodging for six international participants and more than 20 regional and local participants.

Zakat Assessment

BGI, working through the School of Islamic Business and Economics (SEBI), completed a comprehensive assessment of *zakat*, one of the Five Pillars of Islam. *Zakat* is the giving of a fixed portion of one's wealth to charity, generally to the poor and needy. The assessment investigated how participants meet *zakat* obligations, their impact on the community, and whether *zakat* resources could be harnessed to meet community development needs.

Indonesia, the world's fourth most populous country is also the world's most populous Muslim-majority nation (86.1% of its population). Given Indonesia's demographics and its expanding middle class, the potential of *zakat* to economic development is enormous. If half of Indonesia's population constitutes *zakat*-observing individuals and offers the minimum 2.5 percent contributions, the potential for alternative sources of community development activities such as agricultural financing and poverty reduction would be substantial.

C.2. Asia and Middle East Bureau

Since 2008, BGI worked closely with the Asia and Middle East (A&ME) Bureau based on bureau needs and Mission requests. The scope of support covered a board range of activities most of which were collaboratively financed by Missions. The unique flexibility of work assignments offered in cost sharing opportunities led to the completion of two project evaluations, one research project, strategy development support and workshop support in Jordan and Thailand.

In addition, BGI completed annual economic profiles for Egypt, Indonesia, Iraq, Jordan, Kyrgyzstan, Lebanon, Morocco, Tunisia, West Bank/Gaza and Yemen. The four-page briefings on challenges and prospects facing countries were circulated to those within the bureau, USAID and Mission staff in those countries. The profiles were also used by senior management for interagency briefings. Full profiles can now be found by accessing <http://eqateg.usaid.gov/bqi>.

BGI Support to A&ME Bureau

- Economic Growth Alliances
- Economic Growth Strategic Options (Yemen)
- Driving Growth Through Innovation and Enterprise Development, (Jordan)
- Enterprise Development Course (Thailand)
- Economic Growth Assessment (Mongolia)
- STAR Evaluation (Vietnam)
- Measure PLUS (Indonesia)
- University of Maryland Student Consulting Activity (Sri Lanka)

Section III: Collaborative Partnerships

BGI identified partners whose expertise complemented its own and worked with new partners to accomplish innovative, pilot activities. The partnerships exemplify achievements reached when entities with similar objectives identify common needs and combine resources. Working with multiple partners enabled BGI to broaden its reach and collect and disseminate enterprise development best practices. This section summarizes BGI's approach and success establishing collaborative partnerships.

BGI's Partnerships with USAID/Missions

- Indonesia
- Armenia
- Jordan
- Thailand
- Mali
- Ecuador
- Vietnam
- Sri Lanka
- Mongolia
- Ghana
- Montenegro
- Kosovo

A. USAID Missions

The most active and perhaps obvious partnerships for BGI were USAID Missions. BGI worked with a dozen Missions over the course of five years, sometimes working with the same Mission repeatedly due to their continued satisfaction and need for BGI's services. USAID/Indonesia for example, completed two buy-ins, one in 2008 and another in 2010. Building strong linkages to Missions and implementation activities enabled BGI to have access to cutting edge program innovations and share these experiences.

B. Other USAID Projects

In addition to partnering with USAID Missions and bureaus, BGI established partnerships with other USAID projects and organizations. BGI ensured that its work with other projects of similar scope would not duplicate efforts, but instead build upon related efforts by focusing on the unique challenges of enterprise development activities. This cross-collaboration between USAID-funded projects helped to share knowledge, transfer skills and information, and build upon USAID's successes.

- Regional Competitiveness Initiative (RCI). BGI's collaboration with the RCI is one of the earliest examples of working with similar USAID projects and leveraging resources. The initiative aimed to improve competitiveness across Europe and Eurasia by engaging bilateral efforts of USAID Missions, USAID projects and other local stakeholders. BGI worked with RCI and the USAID Europe and Eurasia Bureau to develop and implement a regional international competitiveness conference held in Armenia 2009. Our joint experience on the event provides lessons for future collaborations with USAID projects.
- BGI worked collaboratively with the Africa Growth and Competitiveness Initiative/Knowledge Sharing Activity (AGCI/KSA) throughout the life of project. The KSA activity's mandate was specific: support the Africa Trade Hubs and related regional activities. BGI regularly attended AGCI/KSA workshops and collaborated on the Ethiopia MEASURE pilot activity.
- KDMD project staff helped BGI to develop an agenda for the Enterprise Development Training Course that was intellectually stimulating, relevant to the participants, interactive and practical. One member of the KDMD project staff traveled to Thailand with BGI to film the entire training course, uploading all presentations to the BGI website. The KDMD project also helped to develop mid-session surveys which allowed BGI to correct and tailor the course to the audience's immediate needs. KDMD's support helped BGI strengthen the overall quality of the course and helped to preserve it so that future EG officers may access or review the course at any time.

- BGI worked with USAID's Volunteers for Economic Growth Alliances (VEGA) project on several occasions. VEGA helped BGI compile a technical brief regarding the usefulness of volunteers in promoting economic growth. In addition, VEGA partnered with BGI and the University of Maryland for the student-led consulting activity to Sri Lanka in 2011. VEGA's mission to promote economic growth jibed with BGI's, allowing VEGA to help identify useful intersection between volunteering, enterprise development and economic growth.

C. Universities

By engaging and partnering with universities, BGI brought forward new thinking and innovations to development strategies. These partnerships evolved to create strong, professional affiliations and we hope that USAID can continue to leverage these partnerships in its future work.

- **Babson College** is one of the leading universities in entrepreneurship education. BGI established a partnership with the college early on, harnessing its expertise to collaborate and demonstrate how entrepreneurship education is crucial to successful business development. BGI was an active participant at Babson events and engaged its professors and experts as panelists at a variety of EG events. BGI's partnership with Babson established the foundation for including their prestigious entrepreneurship efforts into future USAID programming.
- **George Washington University**, located in the heart of Washington D.C., was a natural partner for BGI. GW's renowned tourism education program provided opportunities for collaboration, including several co-sponsored *Daybreak Discovery* events and the *Entrepreneurs' Voices* multimedia event. Co-sponsorship drew attendees from the public and private sector, academia, development practitioners and students. GW continued to be an active supporter of BGI's mission throughout the life of the project.
- **University of Maryland** represented BGI's most well established and significant university partnership, collaborating on two separate but similar pilot activities involving UMD graduate students. The university's geographic proximity to USAID and Weidemann's offices, solid reputation of its business and public policy programs, and knowledge and collaboration with USAID, made the university an ideal partner. The university also contributed financial and intellectual resources into each project – these contributions were critical to the success of activities. Building on the successful relationship established with BGI, the University of Maryland could and should continue to be a partner to USAID.

D. Multi-partner Collaborations

BGI's publication and subsequent event, *Alternative Business Enabling Environment Indicators: A Review*, was a multi-partner collaboration that included the Heritage Foundation, the World Bank, Global Economic Forum and Global Entrepreneurship Monitor Group.

Section IV: Lessons Learned

BGI covered a broad range of economic growth knowledge and experience and the lessons we can draw from include technical and management aspects of enterprise development. The first part of this section discusses lessons learned in enterprise development in USAID activities; while the second, lists those from BGI project design and management whose uniqueness has been modeled by other knowledge management activities.

A. Technical

1. The *enterprise* is the fundamental building block upon which economic growth is based and therefore, it is a key functional level of analysis. The MEASURE diagnostic developed under BGI is an excellent tool for enterprise-level analyses. *An understanding of enterprises' needs and their decision-making processes are central to any successful economic growth program.* This also serves as a fundamental element to link firms with one another and with markets. In fact, the needs of enterprises should dictate the programmatic approach that we choose and the tools that we employ in our interventions.
2. Enterprise development is multifaceted: physical and technological infrastructure, workforce, access to services, business, legal and regulatory environment and enterprise-level capacity. Although the Doing Business indicators have played a significant role in encouraging countries to improve their policy environment for enterprises, it is important to recognize that these improvements, while necessary, represent only one element of many that contribute to the perceptions enterprises have of opportunities and risk. It should not be a surprise, then, that reforms to improve areas measured by the Doing Business index have not suddenly resulted in radical improvements in enterprise performance.
3. Growth entrepreneurs and necessity entrepreneurs have very different profiles and do not represent “stages” on a continuum. Often, necessity entrepreneurs are selected as a “default” option, irrespective of project goals. Other efforts attempt to “create” growth entrepreneurs out of necessity entrepreneurs. As USAID turns its attention to entrepreneurship as a path toward economic development, we recognize that programmatic objectives must be aligned with programmatic interventions, specifically in determining whether to select necessity entrepreneurs or growth entrepreneurs as a program’s focus.
4. While one-off sales to prominent international buyers can be an important springboard to success - which also furnish development stories for projects’ and donors’ promotional purposes - they do not guarantee durable relationships and can also be counterproductive if they create expectations that small enterprises are ultimately unable to meet. BGI’s knowledge of buyer-supplier relationships and the potential pitfalls associated with focusing only transactions are applicable to other USAID programs, particularly given the preeminence of the micro-enterprise sector.
5. The lessons from the *Enterprise Development Handbook* (2004) are still relevant and applicable today. Good project design begins with identifying success and the desired project impact. The handbook remains the best resource to design effective enterprise development activities, which begin with information gathering, including sector assessments and evaluations. Desired project impact, resources and country context determine project design, implementation methodology and approach. In addition, good

project design incorporates flexibility and responsiveness to external impacts, including national, regional and global economic shocks.

B. Project Management

1. Missions and Bureaus expressed a constant demand for BGI services and their buy-in accounted for more than USD \$2.1 million in BGI resources. Demand for BGI mission support exceeded the contract's financial limitations. Services most often requested were related to project design, evaluation and assessment. Mission buy-in (in addition to being a good source of additional revenue) is an important indicator of level of interest. There is a need for an easy-to-use, efficient, and flexible mechanism to project mission support.
2. Engagement with Missions and Bureaus facilitates the knowledge management cycle and knowledge application. Washington-based knowledge management projects face many challenges as knowledge generation itself is derived from implementation experience in the field. Whether Washington-based or in regional centers, these types of projects require resources to collect and assemble information and data. BGI achieved its greatest impact when working directly with Missions and Mission staff invested in knowledge management and application. These activities directly engaged practitioners in applying best practices and developing key deliverables. MEASURE Plus, developed for the Indonesia USAID Mission, is a successful example of achieving engagement and buy-in early on.
3. A comprehensive and dynamic communications and outreach strategy engages the audience for initial design and helps to ensure long-term engagement with stakeholders. While the BGI web portal was a critical element to collect and disseminate information on enterprise development activities, projects and thought leadership, direct communications with individuals and groups ensured that the research, products and tools developed met the needs of the project's audience. Engagement can be achieved project wide on a case-by-case basis through innovative training materials. The BGI/USAID Jordan Workshop on Driving Growth through Innovation exemplifies participatory engagement prior to developing to curriculum that resulted in targeted training.
4. Collaboration with traditional and non-traditional partners is an effective means of leveraging resources and increasing project impact. BGI's outreach and communication strategy targeted potential projects and organization for collaboration. The most successful collaborations existed over a series of activities.
5. Demand exists for a comprehensive index of USAID economic growth enterprise development activities. The BGI web portal compiled a list of all USAID enterprise development related projects, with a basic project description. This list was consistently one of the top pages searched.
6. Technical briefs are excellent to produce new ideas, yet mechanisms must exist to carry them forward or to apply them on the ground so as to maximize their usefulness. For example, products can be disseminated to local Missions via cable. In addition, collaboration with other donors, e.g., multilateral financial institutions or other bilateral donors, proved to be effective venues to share BGI's research, technical briefs and other products.

Section V: Recommendations

The bulleted list below provides our key recommendations for future USAID activities based on the experiences and lessons learned emerging from implementing the BGI project.

- A well-defined and coordinated knowledge management strategy is critical to helping USAID continually learn as an organization. Too often the impact of best practices and lessons learned is minimized, due to information either not channeled to a wide enough audience; both within and external to USAID; or not accompanied by a clear plan of action. USAID needs to remain vigilant that knowledge exchange is an ongoing process and requires significant resources to directly engage with stakeholders. There are many ways in which this can be accomplished, for instance the creation of websites or knowledge portals, use of multi-media and social networking. A holistic approach that has proven effective is the use of action plans and creation of working groups that clarify the roles and responsibilities of individuals or groups responsible for building upon tools, methodologies, and strategies that are developed.
- Monitoring and evaluation must be a fundamental component of all project activity and directly tied to the human and financial resources available. Although BGI conducted a wide range of activity types, including project design and evaluation, hosting knowledge sharing events, developing a knowledge management portal, writing research and technical documents, and establishing innovative partnerships, the identification and capture of results was proactively approached. The importance of this cannot be overstated, since it helps those involved justify implementation of activities by answering the following key questions:
 - Why is this event important to USAID and its target beneficiaries?
 - What are the expected outcomes of the activity?
 - How will impact be measured and communicated?

While factors such as employment generation and sales are important, USAID must recognize that they are but two indicators in its M&E portfolio. USAID must also fully consider the needs and objectives of its partner organizations, especially those within the private sector, when designing interventions.

- An important outcome of BGI was the creation of several successful partnerships, including those with other USAID projects and universities. When creating partnerships, whether with public or private-sector organizations, it's imperative that USAID solicit the needs and objectives of its partners, as an integral step in the project lifecycle and as the basis for setting and managing expectations. USAID should continue to focus its efforts on assuring that it is building sustainable relationships between microenterprises and their clients. The Agency can measure its success by using M&E that focuses more on the number of repeat transactions between buyers and sellers rather than the dollar amount of transactions. We encourage USAID to explore and facilitate opportunities for collaboration, as combined objectives and resources lead to greater impact.
- USAID can improve its understanding of how to design and implement programs that meet the needs of its target audience, by more fully considering the realities of the private sector. An excellent illustration of this is the work performed in developing the joint-sponsored USAID/Department of State's Entrepreneurship Toolkit. Although the target audience for this toolkit were USAID Mission and U.S. Embassy officers, the

foundation of the best practices and lessons learned were culled through external organizations actively involved in entrepreneurship development. By doing so, BGI was able to produce a very practical guide for Mission and Embassy staff to use in designing, implementing, and monitoring entrepreneurship programs around the world. The framework that was developed could be applied to other USAID technical areas by asking such questions as:

- Why is assistance in the technical area needed?
 - What is the composition of the target group to be assisted?
 - What organizations may be available to help USAID achieve its objectives?
 - What prior experience could USAID leverage?
 - What additional resources and materials are available to reference?
- Enterprise growth depends on the decisions, and hence risk and opportunity perspectives, of individual entrepreneurs and business leaders. Entrepreneurial activity is not always a response to business opportunity. Some analysts distinguish between “opportunity entrepreneurship” and “necessity entrepreneurship”. In settings where labor supply greatly exceeds the number of paid jobs available, people often start micro and small businesses primarily because few other income-earning opportunities are available to them. They thus become entrepreneurs not by choice but by necessity. A key difference to recognize is that businesses started by opportunity entrepreneurs have the potential to grow and hire more labor, while enterprises created out of necessity by entrepreneurs are very unlikely to do so. Growth entrepreneurs should be identified in programs where USAID hopes to spur employment generation, innovation or competitiveness. In general, necessity entrepreneurs should be targeted only when USAID hopes to encourage formalization or to support livelihood activities of those unable to find other kinds of gainful employment. Gaining a better understanding of these dynamics will enable USAID activities to target support activities. BGI’s MEASURE tool starts this process, however with more research, additional tools can be developed.
 - BGI’s impact was far-reaching through its direct outreach to and capacity building of representatives in USAID/Washington and 12 Missions. While the principles of enterprise development are globally applicable, it is crucial that substantive efforts are taken upfront to ensure such programs are designed and implemented in alignment with cultural and social norms of the respective host country. By doing so, USAID will be able to more successfully translate its objectives into an actionable framework to meet the needs of its target constituents.

Annex I: Deliverables

Please note that many BGI publications may be accessed at through the Development Experience Clearinghouse, <http://dec.usaid.gov/>.

Publications & Research

- FY 2007
 - The Ties That Bind: Case Studies in Making Buyer-Supplier Relationship Last
 - Supporting Buyer-Supplier Relationship
 - Business Environment and SME Exports: The Case of Chile
 - Elements to Consider when Designing Donor Funded Projects with a Business Center or Incubator Component
- FY 2008
 - Building a Warehouse Receipts Program that Works for all Stakeholders
 - When Should the ICT Sector be a Target for Private Sector Competitiveness Work?
 - Case Studies in Enterprise Development in Post Conflict Situations
 - The Effective Use of Volunteers in USAID Economic Growth Programs
 - Alternative Business Enabling Environment Indicators: A Review
 - Sustainable Tourism Development in Rural Areas – Montenegro
 - Economic Gardening in Bosnia-Herzegovina
 - The Bulgaria ICT Cluster
- FY 2009
 - The Cluster Approach to Economic Development
 - Shareholder Loan Funds for SMEs in Developing Markets
 - MEASURE: Ethiopia, The Enterprise Development Diagnostic for USAID/Ethiopia
 - Aid to Artisans: Building Profitable Craft Business
 - Extracting Value for Enterprises: Enterprise Development in the Mining Industry in Sub-Saharan Africa
 - Best Practices in Project Design and Implementation
- FY 2010
 - MEASURE: Armenia
 - Extracting Value for Enterprises: Enterprise Development in the Mining Industry in Sub-Saharan Africa (Technical note)
 - Economic Growth Alliances in the Asia and Middle East Region
 - ICT as a Catalyst for Enterprise Competitiveness
 - Global Ready Indonesia (Notes from the Field)
 - Mobile Applications for Development (APPS4D)
 - Business Models to Increase Internet Access in Mali
 - Enterprise Development Literature Review
- FY 2011
 - MEASURE: Indonesia
 - Labor Law Measure PLUS: Indonesia
 - Non-Bank Finance Measure PLUS: Indonesia
 - An Economic Growth Agenda For USAID/Indonesia
 - Business Enabling Environment Measure PLUS: Indonesia
 - Trade and Investment Measure PLUS: Indonesia
 - Sri Lanka Student Consultant Reports

- Aqua 'N Green Draft Marketing Plan
- Aqua 'N Green Technical Assistance with Supply Chain Management
- Creating a Sustainable Business Model for an Educational Institution in Sri Lanka Improving Agricultural Communication in Sri Lanka's Eastern Province
- FOURTH
- The Entrepreneurship Toolkit: Successful Approaches to Fostering Entrepreneurship
- Study of Zakat Potentials in Indonesia

Project Designs, Evaluations and Assessments

- FY 2008
 - Mid-Term Review of the Morocco New Business Opportunities Project
 - USAID/Indonesia Economic Growth Sector Assessment
 - Assessment of the Kosovo ICT Sector
 - Value Chain/ Enterprise Development Implementation Checklist
 - Assessment of the Montenegro Competitiveness Project and the Community Revitalization for Democratic Action –Economic Program
- FY 2009
 - USAID/Yemen Economic Growth Strategies Option Review
 - Desk Study: Economic Growth Alliances in the Asia and Middle East Region
 - Economic Growth Alliances in the Asia and Middle East Region
 - A modernized Agricultural Support Proposal for Ghana
- FY 2010
 - USAID/Armenia Rapid Assessment of Value Chain Opportunities
 - USAID/Armenia Credit Services for the SME Sector
 - Desk Study: Updates of Economic Growth Alliances in the Asia and Middle East Region
- FY 2011
 - USAID/Mongolia economic growth assessment
 - Indonesia ICT Assessment
 - Desk Study: Updates of Economic Growth Alliances in the Asia and Middle East Region
 - Vietnam STAR Evaluation
 - U.S. Department of State Global Entrepreneurship Program (GEP) Evaluation

Periodic Reports

- Monthly Report
 - January 2007
 - February 2007
 - March 2007
 - April 2007
 - May 2007
 - June 2007
 - July 2007
 - August 2007
 - September 2007
 - October 2007
 - November 2007
 - December 2007
 - January 2008
 - February 2008
 - March 2008
 - April 2008
 - May 2008
 - June 2008
 - July 2008
 - August 2008
 - September 2008
- Quarterly Report

- Q1 [FY08]
- Q2 [FY08]
- Q3 [FY08]
- Q4 [FY08]
- Q1 [FY09]
- Q2 [FY09]
- Q3 [FY09]
- Q1 [FY10]
- Q2 [FY10]
- Q3 [FY10]
- Q1 [FY11]
- Q2 [FY11]
- Q3 [FY11]

- FY 08 Annual Report
- FY 09 Annual Report
- FY 2010 Annual Report
- FY 2011 Annual Report
- Final Report

Annex II: Work Assignment List

| BGI Knowledge Management (KM) Outcome Areas | |
|--|---|
| <i>Improve Enterprise Development Project Designs</i> | BGI provided assistance to USAID Missions in the form of project designs, assessments, evaluations, strategic reviews and enterprise diagnostics. These activities enabled BGI to capture, share and apply enterprise development best practices. |
| <i>Conduct Research Projects</i> | BGI research activities generated and captured innovative thinking on enterprise development. |
| <i>Develop and Disseminate Technical Briefs</i> | BGI captured and shared research, implementation experience and innovation in enterprise development through published technical briefs and notes from the field. |
| <i>Convene Seminars/Workshops on Best Practices</i> | BGI actively sought to bring practitioners together and facilitate knowledge sharing through seminars, events, trainings and conferences. |
| <i>Implement Pilot Demonstration Projects</i> | BGI tested new approaches to knowledge management and specific enterprise development concepts. |

| Number | Work Assignment | BGI Objective | KM Area |
|---------------|---|---|--|
| 1 | BGI Administration | N/A | N/A |
| 2 | JEA Administration | N/A | N/A |
| 3 | MSI Administration | N/A | N/A |
| 4 | Business Centers Research | Identify the environment in which business centers (BC) and business incubators (BI) are effective in generating enterprise growth in developing countries. | Research projects |
| 5 | MSI Chile Research & Technical Brief | Connect Chile's reforms in the business environment with its positive performance in international trade. | Technical briefs |
| 6 | JEA Buyer-Supplier Research & Technical Brief | Compare supply responses by businesses in developing countries to a market expansion opportunity in regional and international markets. Explore the experience of various international buyers as well as suppliers in developing markets to understand the factors of success and failure in delivering on export opportunities. | Research projects/ Technical briefs |
| 7 | Knowledge Management Portal (BGI Website) | Design, build and deploy a knowledge management portal to support project objectives. | Pilot demonstration projects |

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|----|---|---|--|
| 8 | Montenegro Assessment | Provide USAID/Montenegro with an objective, external, economic impact assessment of two key USAID/Montenegro programs that will be closing, to apply experience to the next generation of economic growth programs, including the Local Economic Development project, as well as to higher level (national) interventions. | Enterprise development project designs |
| 9 | Kosovo ICT buy-in; Mike Ducker's ICT paper | To assess opportunities for USAID to support the ICT sector in Kosovo. | Enterprise development project designs |
| 10 | Research Priorities | To identify information needs for USAID Enterprise Development personnel not presently met by available resources and suggest research priorities and activities to generate the required information. | Research projects |
| 11 | Technical Briefs Administration | Develop the operational guidelines for selecting Technical Briefs to be prepared under the BGI project and to guide writing, reviewing and publication of the briefs. | Technical briefs |
| 12 | Georgia/Armenia International Workshop | Provide examples of enterprise development best practices and guide design, implementation and evaluation of projects in the targeted sectors of Tourism, Information Communication Technology, and SME business service delivery mechanisms. The presentations and discussion will focus on the application of best practices in the countries of the participants attending the workshop. | Seminars/ workshops on best practices |
| 13 | Morocco New Business Opportunities (NBO) Buy-in | Carry out a Mid-Term Review of the NBO project and undertake a formative assessment of the project to gauge progress made in the implementation of planned activities toward reaching stated goals and objectives. | Enterprise development project designs |
| 14 | Business Centers Incubation Research | Identify best practices in the design and implementation of projects utilizing business centers (BC) and business incubators (BI) to create enterprise growth in developing countries. | Research projects |
| 15 | Post-Conflict Case Studies Technical Brief | The objective of this activity is apply the framework on buyer- supplier relationships to specific case studies in post-conflict environments in support of EGAT's current guide on economic growth planning in post-conflict countries. | Technical briefs |
| 16 | MEASURE | Design an enterprise development diagnostic and complete a pilot case to serve as a model for Mission EG officers to utilize through the BGI project or independently. | Enterprise development project designs |

| | | | |
|----|------------------------------|--|---|
| 17 | Bulgaria Cluster case | Evaluate sources of success behind the ICT Clusters in Bulgaria and present findings at the RCI/BGI Best Practice Regional Workshop in Yerevan, Armenia in April 2008. | Research projects Seminars/ workshops on best practices |
| 18 | Ghana AGCI | Attend and participate in the AGCI/KSA GM Trade Hub workshop in March 2008 and connect with potential BGI partners. | Seminars/ workshops on best practices |
| 22 | Babson | Establish a collaborative relationship with the Arthur M. Blank Center for Entrepreneurship at Babson College, leveraging joint resources to advance research in entrepreneurship and international development. | Seminars/ workshops on best practices |
| 23 | UN CSD | Present "When Should the ICT Sector be a Target for Private Sector Competitiveness Work?" at the UN Commission for Sustainable Development Side Event in May 2008. | Seminars/ workshops on best practices |
| 24 | Jordan Workshop & Conference | Conduct an enterprise development workshop for USAID staff and a practitioners' conference open to implementers and the business community. Topics of the workshop include: value chains, competitiveness, facilitation, business services development, public private dialogue, and the MEASURE tool. | Seminars/ workshops on best practices |
| 25 | BEE Paper | Provide leadership and a framework for discussion of the analysis of various business environment ranking systems to provide development practitioners with a better understanding of how the ranking systems can be used in the design, implementation and analysis of business development projects. | Seminars/ workshops on best practices |
| 26 | Value Chain Checklist | Complement the World Bank <i>Using Value Chain Approaches in Agribusiness and Agriculture in Sub-Saharan Africa</i> report by providing a guiding methodology to design, monitor and measure the depth or degree of implementation; results achieved; and impact on enterprise development. | Enterprise development project designs |
| 27 | Catalytic ICT Paper | Provide USAID with successful technical and business models for the application of ICT as a catalyst for enterprise development. | Technical briefs |
| 28 | Babson | Attend and participate in Babson College Spring 2008 SEE program to establish course objectives for BGI EGO trainings and possible pilot demonstration activities. | Seminars/ workshops on best practices Pilot demonstration projects |

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| 29 | Market Pull Technical Brief | Develop a technical brief to outline the methodology and implementation of market-pull project design, based on learning from the Evaluation of the USAID/Peru project Poverty Reduction and Alleviation (PRA) for RAISE Plus completed in May of 2008 and related project experiences. | Technical briefs |
| 30 | Indonesia Buy-in | Conduct an economic growth strategic assessment for USAID/Indonesia, identifying lessons learned from current economic growth interventions, and developing recommendations for future strategic interventions to be used for the 2009-2014 strategy design. | Enterprise development project designs |
| 33 | AKG | Conduct a complete system diagnostic of the BGI website including a comprehensive illustration of the website design, structure and operations in order to improve and upgrade the site delivery mechanism. | Pilot demonstration projects |
| 34 | Shareholder Loan Funds | Produce a Technical Brief on financing small and medium enterprises, focusing on using shareholder loan funds for small and medium enterprises, and an innovative scheme to motivate risk capital by determining a varying scale of return for investors based on expectations and targets for risk and return. | Technical briefs |
| 35 | Extractives | Provide an overview of the interaction between large scale extractives industry operations and small and medium enterprises. | Research papers |
| 36 | Babson | Support entrepreneurship presentations at a Babson Consortium event in January 2009. | Seminars/ workshops on best practices |
| 37 | A&ME Alliances | Support building alliances in economic growth programs in the Asia and Middle East (A&ME) Bureaus and Missions by carrying out and disseminating regional research on making EG alliances work. | Research papers |
| 38 | Jordan Mission SOW | Draft a project scope of work for the creation of a public-private partnership support program. | Enterprise development project designs |
| 39 | Doing Business Indicators | Provide a detailed, concrete account of enterprises performance, strategic planning, and investment decisions in response to country-wide improvements in the business environment. | Research projects |
| 40 | Entrepreneurship Week 2008 | Host a panel for Entrepreneurship Week 2008, exploring what activities and approaches have been undertaken to support longer term impact and opportunities-driving entrepreneurship; success rates; identify barriers. | Seminars/ workshops on best practices |

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| 41 | Yemen | Conduct a desk study to increase understanding of Yemen's current sociopolitical and economic status and how development and humanitarian programs could reverse the situation (the first step toward creating an effective strategic plan). | Research projects |
| 42 | Clusters 2.0 | Develop a Cluster framework that will help both contractors and implementers determine where the country is along the stages of "natural" development for clusters, and where the intervention should occur to move the country to the next stage. | Enterprise development project designs |
| 43 | A&ME Buy-in general | Support economic growth and enterprise development programs in the Asia and Middle East (A&ME) Bureaus and Missions. | Enterprise development project designs |
| 44 | Yemen 2 | Assist in USAID/Yemen's preparation of an Economic Growth Strategy as part of the Mission's development of an Overall Program Strategy | Enterprise development project designs |
| 45 | ME Economic Profiles | Provide Middle East Bureau senior management with briefing memoranda on selected ME countries in the form of concise economic profiles. | Research projects |
| 46 | Colleen SME | Produce a Technical Brief on small and medium enterprise (SME) development in Southern Africa | Technical briefs |
| 47 | Ghana Ag Business Design | Contract a team of experts on agribusiness and public sector policy development to design a program to build public and private sector capacity and expand commercial agricultural activities. | Enterprise development project designs |
| 48 | Mali ICT | Conduct market research and analysis and identify concrete ways Internet access can be more sustainably provided in underserved areas of Mali by shared Internet access points. | Research projects |
| 49 | Yemen 3 | Provide the Asia and Middle East Bureau with an understanding of Yemen's sociopolitical and economic status by undertaking a Desk Study on how development and humanitarian programs could reverse the worsening situation. | Research projects |
| 50 | Armenia | Create a project design for USAID/ Armenia for a value chain support project, including an assessment of the enterprise development using the MEASURE tool. | Enterprise development project designs |
| 51 | Asia Economic Profiles | Support Asia Bureau senior management with briefing memoranda on Asia Bureau economies, to be used by senior management for briefings on the Hill, at interagency meetings, etc. | Research projects |

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| 52 | UMD Business Plan Competition | Collaborate with the University of Maryland's Robert H. Smith School of Business in designing and hosting the first annual pilot case competition. | Seminars/ workshops on best practices |
| 53 | Ecuador | Assist USAID/Ecuador in a project design to (1) strengthen markets and (2) expand economic access and opportunities for the poor. Emphasize the role of economic growth in supporting rapid increases in incomes and poverty reduction and reduced food insecurity. | Enterprise development project designs |
| 54 | A&ME 2010 Buy-in | Support economic growth and enterprise development programs in the Asia and Middle East (AME) Bureaus and Missions. | Enterprise development project designs |
| 55 | Armenia | Assess and make recommendations for a new financial sector program for USAID/Yerevan, with an emphasis on financing for SMEs and covering sector development without policy changes in trade finance, asset-based, purchase-order, accounts-receivable finance, and infrastructure and direct equity investment funds. | Enterprise development project designs |
| 56 | Entrepreneurship Week 2009 | Produce an educational video to stress the importance of entrepreneurship and how donor projects can support entrepreneurs' development, to be showcased at conferences, trainings, websites, entrepreneurship events and new projects. | Seminars/ workshops on best practices |
| 57 | Enterprise Development Literature Review | Conduct a literature review of current enterprise development practices and the issues related to direct, indirect and attribution issues related to enterprise development linkages to job creation and employment. | Research projects |
| 58 | East Timor Finance | Provide one agribusiness consultant (specializing in small businesses and value chains) and one finance consultant (specializing in creation of financial institutions serving agribusiness clients) to support USAID/Timor-Leste. | Enterprise development project designs |
| 58 | Sri Lanka Mid-term review | Carry out a Mid-Term Review of the COncnecting Regional Economies (CORE) project, which sought to address Sri Lanka's current economic growth issues through the lens of the deteriorating conflict environment. | Enterprise development project designs |
| 59 | Thailand Workshop | Organize a four and a half day workshop in Bangkok, Thailand targeted at new Junior Officer's and FSN's at USAID to refresh their knowledge and learn new methods in enterprise development project implementation. | Seminars/ workshops on best practices |

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| 60 | Business Innovation Center (BIC) Morocco | Support the creation of a Business Innovation Center (BIC) to support entrepreneurship and technology innovation in Morocco. Plan and implement a study tour for Moroccan public, private and academic sector leaders to the Research Triangle Park in North Carolina. | Enterprise development project designs |
| 62 | Mongolia assessment | Analyze and prioritize the economic development opportunities and constraints facing Mongolia for the next 5 years, and make recommendations to USAID/ Mongolia on strategic program areas that have the highest potential for catalytic impact to directly inform the Country Development Cooperation Strategy. | Enterprise development project designs |
| 63 | ME profiles update | Support Middle East Bureau senior management with briefing memoranda on selected ME countries. These profiles are updates to the profiles that were completed as part of WA 45. | Research projects |
| 64 | MEASURE Indonesia | Assist USAID/Indonesia to encourage entrepreneurship in Indonesia by carrying out key policy and indicator assessments related to upcoming projects to be presented at an entrepreneurship conference. | Enterprise development project designs |
| 65 | UMD 2 Sri Lanka Student Activity | Collaborate with the University of Maryland's Robert H. Smith School of Business in designing and hosting the second annual case competition. | Seminars/ workshops on best practices |
| 66 | ICT Indonesia | Assess the current ICT situation in Indonesia and recommend specific actions to take to expand ICT access and services to the local populations. | Technical briefs |
| 67 | MEASURE Plus | Conduct key policy and indicator assessments related to upcoming projects for USAID/Indonesia, addressing MEASURE, the Non-Bank Financial Sector, Labor Law, Trade, and Business Sector. | Enterprise development project designs |
| 68 | Vietnam STAR | To evaluate the effectiveness of STAR (Support for Trade Acceleration) I & II in meeting their stated goals, and to quantify the economic impact on the Vietnamese economy by these two programs. | Enterprise development project designs |
| 69 | iMULAI | Provide USAID/ Indonesia with investors and/or venture capitalists who can participate in the iMULAI ICT competition in Jakarta, either in-person or via video conference in April, 2011. | Seminars/ workshops on best practices |

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| 70 | Entrepreneurship Toolkit | Provide USAID and the U.S. Department of State's Global Entrepreneurship Program (GEP) with a toolkit to describe and suggest ways donors can support entrepreneurship worldwide, in addition to shedding light on best practices in supporting entrepreneurship and recommendations for improvements, future projects, and partnerships. | Pilot demonstration projects Research projects Seminars/ workshops on best practices |
| 71 | Indonesia Summit Support | Support UASID/Indonesia's Economic Growth Office, GEPI and the 2011 Regional Entrepreneurial Summit with an entrepreneurship program and participant and facilitator logistics. | Seminars/ workshops on best practices |
| 72 | Zakat Study | Conduct an assessment and technical analysis of the nature and current status of zakat, its potential growth, and its development programming in Indonesia, as benchmarked to selected relevant other countries. Assess whether donor intervention is appropriate and if so how it could be structured to improve the transparency and effectiveness of zakat and leverage resources in support of economic growth and poverty alleviation. | Research projects |
| 73 | Economic Profile Updates | Support Middle East Bureau senior management with briefing memoranda on selected ME countries. These profiles are updates to the profiles that were completed as part of WA 45 and 63. | Research projects |
| 74 | Recommendations for GEP-Funded Entrepreneur Activities | Make recommendations on how to allocate donor funding to support entrepreneur activities through the Global Entrepreneurship Program (GEP). | Enterprise development project designs |

Annex III: MEASURE: The Enterprise Development Diagnostic

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ACRONYMS

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|---------|--------------------------------------|
| BGI | Business Growth Initiative |
| CAS | Country Analytical Studies |
| DB | Doing Business |
| ED | Enterprise Development |
| MEASURE | Enterprise Development Diagnostic |
| GCR | Global Competitiveness Report |
| IEF | Index of Economic Freedom |
| ILO | International Labor Organization |
| ISO | International Standards Organization |
| R&D | Research and Development |
| WB | World Bank |
| WDI | World Development Indicators |

The Enterprise Development Diagnostic

Statement of Purpose, Use and Potential Iterations

The Enterprise Development Diagnostic (MEASURE) provides USAID missions with a focused understanding of the country-level business performance and decisions and the microeconomic environment that affects businesses' performance and choices. MEASURE's target is to describe **how** business decision-making and results within an economy are influenced by the microenvironment (including access to skills, services and knowledge).

The MEASURE tool can be used to inform the design and implementation of programs that target enterprise growth as core or contributing outcomes. The diagnostic allows missions to benchmark many of the focus country's performance and characteristics against those of comparator countries.³ Such comparisons provide opportunity to assess the enterprise-level impacts of various patterns and characteristics of micro environments, and offer opportunities to learn and draw from model project activities and designs. It is designed as a measurement tool to serve USAID missions, particularly those missions with scarce access to economic analysis. The tool is designed to assist USAID Economic Growth Officers in program design activities by identifying issues in the enterprises themselves, and in the relevant microenvironment in which they operate. This provides insights into the impacts that issues in the microenvironment have on enterprise, and provides insight into actions and results that can be addressed through program interventions.

MEASURE is comprised of a menu of relevant indicators, appropriate for segmentation, interpretation and analysis. The indicators have also been selected for ease of measurement.

The diagnostic can be customized to meet the special needs of specific country-context scenarios, such as rebuilding states (including post-conflict and or fragile states, developing states, transforming states) and states of sustaining partnerships.

Although numerous indices already exist (from the World Economic Forum's Global Competitiveness Report to the Heritage Foundation's Index of Economic Freedom to the World Bank's Doing Business indicators) that have a direct or indirect bearing on enterprise development, no index that enables the user to understand and measure the impact of these factors and project activities on enterprise development and the choices that enterprise make – i.e. their progress in growing in a healthy, sustainable way.

BGI has developed a working definition for enterprise development drawing from an extensive literature review, along with input from thought leaders in economic and private sector development⁴.

Definition: Enterprise development (ED) aims to improve business opportunities and incentives for individual firms and the private sector generally and to strengthen their capacity to create, expand, and operate in the formal economy. ED enhances private sector performance as a means to reduce poverty and foster more equitable distribution of income by increasing rates of economic

³ Comparator countries can be selected based on characteristics such as: regional significance, income-based, economic or structural similarities, countries of special interest, etc.

⁴ Literature sources include reports from USAID, the ILO, UNDP, the World Bank, FIAS, and DFID. Thought leadership provided by Don Snodgrass. This definition is intended for further peer review.

growth, enterprise growth, and employment. Sustainable ED initiatives include measures to improve the business-enabling environment (policies, regulations, and institutions conducive to enterprise competitiveness), and strengthen vertical and horizontal linkages for improved performance.

Introduction to the Enterprise Development Diagnostic Framework

The Enterprise Development Diagnostic (MEASURE) framework is comprised of several components. The core component includes indicators or business behaviors decision-making with respect to strategies, investment in human resources, willingness to collaborate, investment in productive processes and other factors) and performance. The MEASURE framework includes elements that represent country-operating costs, access to finance and services and factors representing regulations. Focusing on the enterprise level, elements of the MEASURE framework are naturally similar to those that BGI described in the earlier Buyer-Supplier Relationship framework⁵. The MEASURE framework is however more holistic. Whereas the Buyer-Supplier Relationship Framework is intended to show how enabling environment factors influence buyer-supplier relationships, MEASURE looks at enterprise level response to two comprehensive categories of influencing factors: **framers** (external factors - which enterprises have little control over), and **enablers** (internal factors -which enterprises can influence). Each framer and enabler reinforces the development of enterprises, which is the centerpiece of the framework.

Framers include: a robust domestic macro-economic environment; political stability as well as the enforcement of the rule of law, a physical infrastructure, which facilitates market access, and social infrastructure, which provides a strong production base. While the framers and enablers combine to support enterprise development, it is the enablers which, when targeted can have a more direct impact on enterprises. The Enterprise Development Diagnostic (MEASURE) framework therefore, focuses primarily on the enablers, which improve business opportunities and incentives, while strengthening the capacity to create and expand enterprise in the formal

economy. These elements include; a **supportive legal, regulatory, and competitive environment; access to finance; the presence of sophisticated knowledge and technology; and access to a workforce of educated and technically competent human capital.** Together, the framers and enablers combine to support enterprise development and growth.

The Enterprise Development Diagnostic Enablers



Source: J.E. Austin Associates

With the framework as a guide, indicators for each enabler, as well as measurements of the progress of enterprises themselves, can be identified. As this diagnostic is intended to provide a

⁵ The Ties that Bind: Case Studies in Making Buyer-Supplier Relationships Last, July 2007. www.BusinessGrowthInitiative.org

comprehensive, yet efficient analysis of enterprise development in a country, the indicators selected to represent each component of the framework needed to possess the following criteria:

- **Mutually Exclusive and Collectively Exhaustive** data should be sought at all times.
- **Public availability** to data that is readily available, easily accessible, (i.e. via the internet or widely published journals, and free of charge or can be obtained at a reasonably low cost.
- **Quality of data and accurate measurement** in the methodology through which the data is derived. There should be a minimum of 5 years of accumulated data, and comparability between years. There should also be a consistent method for data collection and analysis with consistent sample sizes.
- In addition to the quality of the data, it should be **regularly updated** to mark progress.
- **Benchmark-able** data that is comparative between countries of similar size, region, income group, or possessing similar goals to the country being analyzed.
- **Relevant measurement** to ensure that the indicator(s) shed light on the intended outcomes.
- Indicators should be available for a **broad coverage** of countries, especially those with which USAID has a presence, or wishes to compare against.
- Finally, in some instances, indicators will be country-specific and must be collected qualitatively. In these cases, **soft-data** can be measured and compared when the data points to the same conclusions.

The Specifics of the Model

The following section provides descriptions of each of the measurable components of the MEASURE framework. Each section discusses the key areas to be measured in each component and suggests specific indicators.

I. MEASURING THE STATE OF ENTERPRISE DEVELOPMENT



MEASURE is differentiated from other diagnostic tools and indices (CAS, GCR, etc.) by its insight into not just the environment, but how well enterprises are growing and succeeding in the enterprise-specific environment. Many indices and analytical tools exist already that evaluate and summarize the business environment; however there currently very few tools exist that provide an understanding of actual enterprise development in response to the quality of the microenvironment.

One way to think about this is to pose the following questions:

1. How can we measure the structure, sophistication and performance of the enterprises in the economy (size, profitability, growth, exports, market penetration, etc.)?
2. What choices, decision-making and other behaviors would we expect to see at the enterprise level if the enterprise is succeeding? (Internal training of employees and increased skills levels, more sophisticated strategies, higher price points, increased market linkages, better understanding of the end market needs, etc.)
3. Given recent changes/improvements to the business environment, is enterprise responding the way we would expect (with more start-up activity, increased investment, increased exports, etc.)?

The answers to these questions highlight the internal strengths and weaknesses among the enterprises and complement (or reinforce) the messages from the environment. They can also indicate whether policy changes are targeting the biggest constraints for enterprise.

Enterprise performance can be measured by the number and types of activities the enterprises are performing, the productivity of the enterprises, the size and growth of exports, and, in the end the relative profitability of the enterprises in comparison to competitors in other economies.

The **structure of the network of enterprises** can be characterized by the distribution and evolution of firm size, the degree of formality, entrepreneurship and private ownership, and, in the end, the density and diversification of export industries.

Finally, if enterprise development efforts are to be deemed successful, the degree of **enterprise sophistication** must be enhanced. As described by Michael Porter, "*the productivity of companies depends on the sophistication with which companies compete.*"⁶ Increased sophistication is revealed by the forward-looking choices that enterprises make and extent to which enterprises are investing in becoming more productive: training the workforce, adopting new technology, obtaining production certifications and investing in research and development. Sophistication is also evident in the degree to which enterprises proactively develop networks and pursue strategies to serve current markets in new ways and penetrate higher value markets.

Enterprise performance

1. *Size & growth of exports* (WTO, Trade Statistics Database) measures the rate of growth of exports. It includes both the 1-year and 7-year growth. Consideration should be given as well to size of the export base; it is frequently more difficult to grow rapidly from a higher base.
2. *Labor productivity* (ILO, KILM 18) measures GDP/person employed. A higher number reflects higher productivity.

⁶ Porter, Michael, with C. Ketels and M. Delgado. 2007. "The Microeconomic Foundations of Prosperity: Findings from the Business Competitiveness Index." *The Global Competitiveness Report 2007-2008*. London: Palgrave Macmillan. 51-81.

Enterprise structure

1. *Firm size* (WDI 5.1, # of SMEs per 1,000 people)
2. *Diversification of export industries* (Composition of total exports made up by Top 3, UN Comtrade) measures the degree to which exports are concentrated in a single product (or, conversely, how well they are distributed among many products). This is a percentage; the higher the percentage, the lower the degree of diversification.
3. *Informality* (GCR 2005-06) measures the degree to which the economy is made up of informal (unregistered) firms vs. those in the formal sector. Generally, greater degrees of informality result in lower levels of business growth as lack of formal recognition tends to discourage business owners from investing in their businesses.⁷

Enterprise sophistication

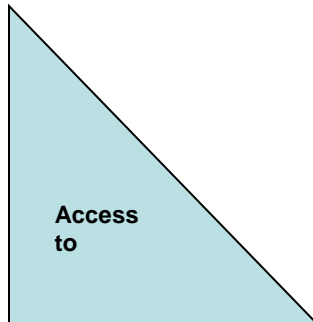
1. *Production certifications* (Firms with ISO certifications, Enterprise Survey, WB)
2. *Proactive Strategy* (GCR indicators including Control of Distribution, 11.06; Production Process Sophistication, 11.07; Extent of Marketing, 11.08; and Degree of Customer Orientation, 6.14).⁸
 - a: Control of Distribution measures the degree to which international distribution is controlled by domestic firms vs. international firms. This is ranked on a scale of 1-7, where 7 indicates control by national firms and 1 indicates complete control by international firms.
 - b. Production Process Sophistication measures the degree to which the production process makes use of process technology vs. the degree to which it depends on labor. This is ranked on a scale of 1-7, where 7 suggests a high degree of process technology while 1 suggests a high degree of labor intensity.
 - c. Extent of Marketing measures the degree to which marketing is sophisticated or primitive. Scored from 1-7, where 7 is highly sophisticated and 1 very primitive.
 - d. Degree of Customer Orientation measures the degree to which firms are highly responsive to their customers. Scored from 1-7, where 7 is highly responsive and 1 non-responsive.
3. *Extent of value-add activities* (VC Breadth, GCR 11.05) measures the degree to which a country's exporting companies are primarily involved in resource extraction or production vs. the degree to which they perform higher level functions such as product design, marketing, sales, logistics, and after-sale services. This is a scale of 1-7, where 7 represents high value add activities and 1 low value-add activities.
4. *Enterprise Survey* (A structured questionnaire found in Appendix 2 which assists in illustrating the nature of enterprise sophistication). This is not to be confused with the Enterprise Survey conducted by the World Bank, mentioned in #1 above.

⁷ The GCR has not published this data for the last two years.

⁸ It is important to keep in mind throughout the diagnostic that the GCR primarily measures *perceptions* of local business leaders of their operating environment rather than relying on an objective measure.

ENTERPRISE DEVELOPMENT ENABLERS⁹:

II. ACCESS TO FINANCE



Access to finance is defined as access to capital, either debt or equity. Access to finance is a precondition for the creation of new enterprises and allows existing enterprises to reach scale, thereby increasing their capacity to increase profitability and generate employment. Its absence is often mentioned by enterprises as their greatest obstacle to growth. Enterprise access to finance is measured by looking at three indicators:

1. *Access to Loans* (GCR 8.03) measures how easy it is to obtain a bank loan with only a good business plan and no collateral. Scored from 1-7, where 7 is very easy and 1 impossible.
2. *Access to Equity* (GCR 8.02) reflects the ease of raising money by issuing shares on the local stock market. Scored 1-7, where 7 is very easy and 1 impossible.
3. *Access to Venture Capital* (GCR 8.04) measures the ease with which entrepreneurs with innovative but risky projects can generally find venture capital. Again on a scale of 1-7, where 7 is very easy and 1 impossible.

III. WORKFORCE AND SKILLS DEVELOPMENT



A skilled workforce has become an increasingly critical element for competitive enterprises. The rapid spread of globalization demands that enterprises produce increasingly sophisticated products, which demands an increasingly specialized workforce. Developing such a workforce requires basic workforce skills, determined by the quality educational system that produces people with the basic training and numeracy skills, which serve as a foundation upon which a skill set can be built; the provision of **Relevant technical and management skills**: a workforce that offers relevant skills that respond to the demands of the market, especially the demands of specific sectors that show the promise of becoming competitive; **Retention of talent**:

the ability to retain those who have acquired the requisite skills; and **Labor market flexibility** that maximizes a company's access to a productive labor pool and allows it to flexibly, but responsibly tap the labor pool to respond to a dynamic market.

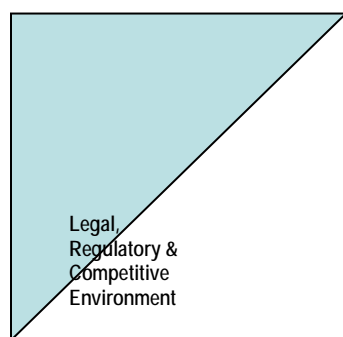
A country's state of workforce development will be measured by the following indicators:¹⁰

⁹ Note: Sources not listed below, including the IMD's Competitiveness Yearbook and the Global Entrepreneurship Monitor, may be used as supplementary data where possible. However, both measure a relatively small number of countries (55 in the IMD's case and even fewer for GEM). In both cases most countries that are measured are developed countries and therefore unlikely to be target locations for USAID programming.

¹⁰ While the vast majority of this diagnostic focuses on outcome indicators, there are very few outcome-oriented indicators to measure the quality of a workforce. Nearly the only ones that exist are things such as literacy rates and secondary and tertiary education levels. However, we deemed these insufficient as they tend to measure general skills and knowledge as opposed to the sector-specific skills required by businesses. Therefore, these indicators tend to be more input-oriented than those found in the rest of the diagnostic.

1. *Training of workforce* (Extent of Staff Training, GCR 5.08, and % of firms offering formal training, Enterprise Survey, WB) measures the approach of companies to human resources as evaluated by the degree to which they invest in training and employee development. Extent of Staff Training is scored from 1-7 in the GCR, where 7 indicates substantial investment in staff training and 1 suggests no staff training, and the % of firms offering formal training is presented as a % of total firms interviewed.
2. *Local Availability of Research and Training Services* (GCR 5.07), which measures the degree to which specialized research and training services are available. Scored from 1-7, where 7 represents extensively available and 1 is non-existent.
3. *Brain Drain* (GCR 7.09), which measures the extent to which the most talented people leave to pursue opportunities in other countries rather than staying in their own. Again scored from 1-7, where 7 represents a low degree of brain drain and 1 represents a very high degree.

IV. LEGAL, REGULATORY, AND COMPETITIVE ENVIRONMENT



The business legal, regulatory, and competitive environment directly defines the immediate context in which a country's enterprises operate. The **legal and regulatory environment** strongly influences the ease with which business can be done. It measures the burden of regulation on enterprises, both in start-up and in daily operations, and is essentially a search for the absence of obstacles to enterprise development. The **competitive environment** looks more closely at the presence of factors that can contribute to an enterprise's success. Demanding customers, intense competition, and the presence of related firms that can provide quality inputs are key ingredients to an enterprise's ability to upgrade.

Legal and Regulatory Environment

The Legal and Regulatory Environment is examined through the following indicator:

1. *Regulatory Quality* (WB Worldwide Governance Indicators), which measures the ability of the government to formulate and implement sound policies and regulations that permit and promote private sector development. This is measured on a scale of -2.5 to 2.5 (with 2.5 being outstanding governance and -2.5 being as poor as possible). However, for simplification's sake, this is presented as a more easily understandable percentile rank.

Competitive Environment

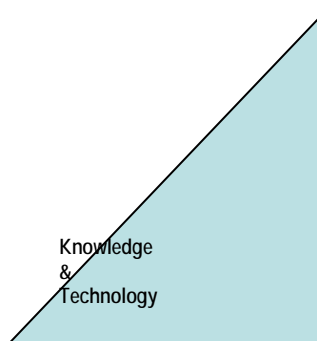
The Competitive Environment is assessed using proxies for the four points of the Porter Diamond, a widely recognized tool for measuring competitiveness:

1. *The Nature of Competitive Advantage* (GCR 11.04), a proxy for Factor Conditions, which measures whether a country's competitive advantage in international markets is due primarily to low-cost or local natural resources or whether it is based primarily on unique products or processes. Scored from 1-7, where 7 represents competitive advantage based purely on unique products or processes, and 1 represents competitive advantage based primarily on low costs.
2. *Buyer Sophistication* (GCR 6.15), a proxy for Demand Conditions, which measures the degree to which buyers in a given country make their purchasing decision based solely on the lowest price vs. basing their decision on a sophisticated analysis of performance

attributes. Scored from 1-7, where 7 represents more sophisticated customers and 1 represents less sophisticated customers.¹¹

3. *Cluster Development* (GCR 11.03), a proxy for the existence and strength of Related and Supporting Industries, which measures the degree to which strong and deep clusters are widespread throughout the economy. Scored from 1-7, where 7 suggests strong cluster presence (and therefore strong related and supporting industries) and 1 represents limited cluster formation, and therefore weak related and supporting industries.
4. *Intensity of local competition* (GCR 6.01), a proxy for Industry Strategy, Structure, and Rivalry, which measures the extent to which competition in local markets is limited in most industries, with only rare cases of price-cutting, vs. the extent to which competition is intense in most industries as market leadership changes over time. Scored from 1-7, where 7 indicated highly intense competition and 1 indicates an absence of competition.

V. KNOWLEDGE AND TECHNOLOGY



Knowledge and technology comprises the factors that contribute to an enterprise's ability to produce products that are differentiated and of substantial value-add. This is of great importance to enterprises because it determines an enterprise's ability to either specialize in its core activities and/or expand into higher value activities that capture a substantial share of the final value of a product. This category can be broken into the following elements: **Access to Communication Technology**, which measures the degree to which companies have access to the modern technology necessary to communicate in real-time with suppliers, customers, and other

partners; **Knowledge and Technology Creation**, which measures the degree to which knowledge and technology is being created by enterprises; and **Firm-Level Technology Diffusion**, which measures the degree to which new technologies are being adopted widely by enterprises throughout the economy.

Access to Communication Technology

1. *Internet Users* (GCR 9.06), which measures the number of Internet users per 100 population. This measure uses hard data and produces a rank only (relative to other countries).
Mobile Telephone Subscribers (GCR 9.05), which measures the number of mobile telephone subscribers per 100 population. This is also hard data and produces a ranking.

Knowledge and Technology Creation

1. *Capacity for Innovation* (GCR 12.01), which measures the extent to which companies obtain technology exclusively from licensing or imitating foreign companies or whether they obtain them by conducting formal research and pioneering their own new products and processes. Scored from 1-7, where 7 indicates that most innovation is internal, whereas 1 indicates that technology originates strictly from outside the firm.

¹¹ Porter postulates that both size and sophistication of demand are relevant. However, he places far more emphasis on sophistication than on size, pointing to myriad examples of sophisticated local markets that promoted upgrading and therefore facilitated access to wider regional and international markets. As such, this diagnostic has placed emphasis on the sophistication of demand over its size.

Firm-Level Technology Diffusion

1. *Adoption of technology* (Firm-Level Technology Absorption, GCR 9.02). This measures the degree to which companies in a country are able to absorb new technology. Scale of 1-7, where 7 suggests that companies are very able to adopt new technology, while 1 indicates that they are virtually incapable of doing so.

Concluding Thoughts: Using the Indicators to Identify Points of Entry

This tool is designed to be diagnostic in nature. As such, its purpose is to paint a picture of the environment which influences enterprise success, while refraining from attempting to highlight specific programmatic responses. For this reason, most of the indicators selected are output-oriented rather than causal in nature.

The programmatic interventions likely to be developed in response to the diagnostic could be numerous, varied and possibly a function of competing demands. The observations drawn from the diagnostic may not be the only factors bearing on the kinds of interventions that can be pursued. However, the diagnostic can generically be used as a starting point in two ways.

Each of the thematic areas can be viewed:

- 1) As potential obstacles to enterprise development or,
- 2) As potential sources of competitive advantage.

If one takes the first view, a possible approach is to remove the obstacles that present the greatest challenge to enterprises. Viewed as such, one would look at the areas of greatest weakness and to prioritize those for more careful consideration. For example, if a determination was made that the single biggest barrier to enterprise success was the regulatory environment, a project focusing on that area may be the most appropriate.

If one takes the second view, perhaps the best approach is to choose the thematic area in which the country is strongest, and to try to enhance that area until it becomes a source of competitive advantage for its firms. For example, a country that is weak in the other areas but happens to have a strong culture of technology creation and diffusion may be best off taking advantage of that strength by trying to encourage its firms to become world-class in that area.

In either case, it is very important to benchmark other comparator and best-practice countries to provide context. The diagnostic cannot be conducted in a vacuum; the quality of a country's business environment must be viewed in relationship to other countries'. Additionally, the diagnostic is a static tool that is only a snapshot of a constantly changing environment, and the exercise must be repeated regularly to maintain an updated picture. As the environment changes, so too may program interventions; this highlights the need for flexibility in programming and a willingness to change approaches if that becomes necessary to take advantage of new opportunities.

All tools that use indicators as their basis are imperfect, because they rely on the (imperfect) quality of the underlying indicators. However, this tool can paint a fair picture of the enterprise-operating environment, and, more importantly, can provide insight into the ways that enterprises are reacting to that environment.

Detailed Breakdown of the MEASURE Framework

Access to Finance

- Access to loans
- Access to equity
- Access to venture capital

Workforce and Skills Development

- Training of workforce
- Local availability of research and training services, which measures the quality of vocational and technical education in the country
- Brain Drain, which indicates whether talent that is produced in the country is staying there

Enterprise Structure, Sophistication and Performance

Enterprise Performance:

- Size and growth of exports
- Extent of value-add activities
- Labor productivity

Enterprise Structure:

- Evolution of firm size
- Diversification of export industries
- Informality

Enterprise Sophistication:

- Market and production certifications
- Proactive strategy (may include GCR indicators like Control of Distribution, Production Process Sophistication, Extent of Marketing and Degree of Customer Orientation)
- Extent of Value Added Activities
- Enterprise Survey

Knowledge and Technology

Access to Communication Technology:

- Internet Users
- Mobile telephone subscribers

Firm-Level Technology Diffusion:

- Adoption of technology

Knowledge Creation and Diffusion:

- Capacity for Innovation

Legal, Regulatory and Competitive Environment

Legal and Regulatory Environment:

- Regulatory Quality

Competitive Environment:

- The nature of competitive advantage, a proxy for factor conditions
- Buyer sophistication, a proxy for demand conditions
- Cluster development, a proxy for the existence and strength of related supporting industries
- Intensity of local competition, a proxy for industry strategy, structure and rivalry

APPENDIX

SAMPLE ENTERPRISE SURVEY

This enterprise survey is designed to be implemented in the field and administered by local consultants. The survey results provide an illustrative baseline, to be used as a supplement to the diagnostic indicators. When implemented the survey should be relied upon only to provide clarity and context to indicators that illustrate the state, sophistication, performance and nature of enterprises as well as the various patterns and characteristics of microenvironments in the country.

Please circle the answer that most directly applies to your company

1. My company operates in the following sector:

- a. Agriculture/Agribusiness
- b. Industry
- c. Services
- d. Mining/Extractive
- e. Trading

2. Title of interviewee:

- a. Owner/Proprietor
- b. Executive
- c. Senior Manager
- d. Mid Manager

3. Number of employees:

- a. 1-5
- b. 6-20
- c. 21-50
- d. 51-100
- e. 101-250
- f. 250-1000
- g. 1000+

Please check the response that best describes your answer.

4. My firm has been operating for

- Less than a year _____
- 1-3 years _____
- 4-6 years _____
- 7-10 years _____
- 10-20 years _____
- 21+ years _____

5. My company sources most of its goods from suppliers that are located:

- Locally (within our state) _____
- Regionally (from a bordering state) _____
- Internationally (in a state beyond our neighboring borders) _____

6. The *quantity* of inputs provided by my company's local supplier (including most important materials, components, equipment and services) is:

- Very Poor _____
- Poor _____
- Average _____
- Good _____
- Very Good _____
- Don't Know _____
- Not Applicable _____

7. The *quality* of inputs provided by my local supplier are:

- Very Poor _____
- _____ Poor (lacking technological capability)
- _____ Average (marginal technological capability)
- _____ Good (technologically capable)
- _____ Very Good (internationally competitive & able to assist in new product & process development) _____
- Don't Know _____
- _____ Not Applicable _____

8. By placing a \surd , Please indicate the importance of the nature of your company's competitive advantage:

| | Not important | Minimal Importance | Important | Very Important | Not Applicable | Don't know |
|--|---------------|--------------------|-----------|----------------|----------------|------------|
| Low Cost | | | | | | |
| Special Natural Resources | | | | | | |
| Adequate local Natural Resources | | | | | | |
| Cost Competitive or the value we provide | | | | | | |
| Unique Products and Process (Value Added or Quality) | | | | | | |
| Unique Service | | | | | | |

Please check the response that best describes your response

9. In your industry, international distribution is:

- Predominately managed by foreign companies _____
- _____ Managed by foreign companies with little domestic ownership and control _____

Mostly owned and managed by domestic companies

Entirely owned and managed by domestic companies

Don't Know

Not Applicable

10. My company's production process is:

Labor intensive and based on historical methods (manual labor)

Labor intensive and reliant on basic technology

Based on appropriate technology¹²

Based on world's best and most efficient process technology

Not Applicable

11. My company's strategic plan is best described as:

Very Poor (do not have a strategic plan)

Poor (limited/basic)

Average (adequate)

Good (on par with international best practice)

Very Good (exceeding international best practice and employing world's most sophisticated methodologies)

I do not know my company's strategic plan

12. My company's marketing plan is best described as:

Very Poor (do not have a marketing plan)

Poor (limited/basic)

Average (adequate)

Good (on par with international best practice)

Very Good (extensive, employing world's most sophisticated tools and techniques)

¹² Appropriate technology is defined as technology that is designed to accommodate social, environmental and economic aspects of the community intended to adopt it. Generally, it is a technology requiring less technical sophistication and fewer resources while achieving similar intended results.

I do not know my company's marketing plan

13. Important strategic and operational decisions in my company are made:

By top management with little input from lower level management

By top management with input from lower level management

By business unit heads with final approval from upper management

By business unit heads and other lower level management

14. The process machinery my company uses can be sourced from the following areas:

Almost all of our specialized processing equipment is imported

Some of our specialized processing equipment is imported

Much of our specialized processing equipment is sourced locally

Almost all of our specialized processing equipment is locally available

Don't Know

Not Applicable

The following question is intended to determine the nature of monetary compensation to employees in this enterprise, please check the most appropriate response.

15. Excluding health and other non-monetary compensation, my enterprise pays its employees based on the following criteria:

An Annual Salary Only

An Annual Salary and only upper management is eligible for bonus

An Annual Salary and upper and middle management are eligible for bonus

An Annual Salary with all employees eligible for personal performance-based bonuses

An Annual Salary with all employees eligible for company performance-based bonuses

As a percentage of total utilization, please check the response that best describes your answer

16. What was your firm's average capacity utilization over the last year? Capacity utilization is the amount of output actually produced relative to the maximum amount that could be produced with your existing machinery and equipment and regular shifts.

0%-5%

6%-10%

11%-20%

| | | | | |
|----------------|-------|----------|-------|------------|
| 21%-30% | _____ | 31%-40% | _____ | 41%-50% |
| 51%-60% | _____ | 61%-70% | _____ | 71%-80% |
| 81%-90% | _____ | 91%-100% | _____ | Don't Know |
| Not applicable | _____ | | | |

**17. What was your firm's average use of temporary labor over the last year?
Temporary labor is defined as any labor input from individuals not considered full-time employees at the time the labor was provided.**

| | | | | |
|----------------|-------|----------|-------|------------|
| 0%-5% | _____ | 6%-10% | _____ | 11%-20% |
| 21%-30% | _____ | 31%-40% | _____ | 41%-50% |
| 51%-60% | _____ | 61%-70% | _____ | 71%-80% |
| 81%-90% | _____ | 91%-100% | _____ | Don't Know |
| Not applicable | _____ | | | |

18. What was your firm's average use of business development services/consulting services over the last year?

| | | | | |
|----------------|-------|----------|-------|------------|
| 0%-5% | _____ | 6%-10% | _____ | 11%-20% |
| 21%-30% | _____ | 31%-40% | _____ | 41%-50% |
| 51%-60% | _____ | 61%-70% | _____ | 71%-80% |
| 81%-90% | _____ | 91%-100% | _____ | Don't Know |
| Not applicable | _____ | | | |

19. What percentage of total labor hours worked was spent in training/staff development/skills acquisition?

| | | | | |
|----------------|-------|----------|-------|------------|
| 0%-5% | _____ | 6%-10% | _____ | 11%-20% |
| 21%-30% | _____ | 31%-40% | _____ | 41%-50% |
| 51%-60% | _____ | 61%-70% | _____ | 71%-80% |
| 81%-90% | _____ | 91%-100% | _____ | Don't Know |
| Not applicable | _____ | | | |

20. What share of your company's operating expense is attributed to outsourcing and sub-contracts?

| | | | | |
|---------|-------|---------|-------|---------|
| 0%-5% | _____ | 6%-10% | _____ | 11%-20% |
| 21%-30% | _____ | 31%-40% | _____ | 41%-50% |

| | | | | |
|----------------|-------|----------|-------|------------|
| 51%-60% | _____ | 61%-70% | _____ | 71%-80% |
| 81%-90% | _____ | 91%-100% | _____ | Don't Know |
| Not applicable | _____ | | | |

21. What were your sales revenues last year (in US \$ equivalent)

Please check the response that best describes your answer

22. From where do you source skilled labor?

Within my country _____
 Neighboring country _____
 International, beyond _____
 Neighboring country _____

Please check the response that best describes your answer

23. Have your sales increased or decreased (in the aggregate) over the last three years?

Increased _____
 Decreased _____

If your sales increased, please answer question no. 20

If your sales decreased, please skip to question no. 21

24. By what percentage have your sales increased?

| | | | | |
|---------|-------|----------|-------|---------|
| 0%-5% | _____ | 6%-10% | _____ | 11%-20% |
| 21%-30% | _____ | 31%-40% | _____ | 41%-50% |
| 51%-60% | _____ | 61%-70% | _____ | 71%-80% |
| 81%-90% | _____ | 91%-100% | _____ | |

25. By what percentage have your sales decreased?

| | | | | |
|---------|-------|----------|-------|---------|
| 0%-5% | _____ | 6%-10% | _____ | 11%-20% |
| 21%-30% | _____ | 31%-40% | _____ | 41%-50% |
| 51%-60% | _____ | 61%-70% | _____ | 71%-80% |
| 81%-90% | _____ | 91%-100% | _____ | |

26. What percentage of your company's revenue was generated from:

a. Sales locally?

| | | | | |
|---------|-------|---------|-------|---------|
| 0%-5% | _____ | 6%-10% | _____ | 11%-20% |
| 21%-30% | _____ | 31%-40% | _____ | 41%-50% |
| 51%-60% | _____ | 61%-70% | _____ | 71%-80% |
| _____ | | | | |

| | | | | |
|----------------|-------|----------|-------|------------|
| 81%-90% | _____ | 91%-100% | _____ | Don't Know |
| Not applicable | _____ | | | |

b. Sales elsewhere in the country?

| | | | | |
|----------------|-------|----------|-------|------------|
| 0%-5% | _____ | 6%-10% | _____ | 11%-20% |
| 21%-30% | _____ | 31%-40% | _____ | 41%-50% |
| 51%-60% | _____ | 61%-70% | _____ | 71%-80% |
| 81%-90% | _____ | 91%-100% | _____ | Don't Know |
| Not applicable | _____ | | | |

c. Sales exported directly?

| | | | | |
|----------------|-------|----------|-------|------------|
| 0%-5% | _____ | 6%-10% | _____ | 11%-20% |
| 21%-30% | _____ | 31%-40% | _____ | 41%-50% |
| 51%-60% | _____ | 61%-70% | _____ | 71%-80% |
| 81%-90% | _____ | 91%-100% | _____ | Don't Know |
| Not applicable | _____ | | | |

d. Sales exported indirectly through a distributor or middleman?

| | | | | |
|----------------|-------|----------|-------|------------|
| 0%-5% | _____ | 6%-10% | _____ | 11%-20% |
| 21%-30% | _____ | 31%-40% | _____ | 41%-50% |
| 51%-60% | _____ | 61%-70% | _____ | 71%-80% |
| 81%-90% | _____ | 91%-100% | _____ | Don't Know |
| Not applicable | _____ | | | |

e. Sales to wholesalers?

| | | | | |
|----------------|-------|----------|-------|------------|
| 0%-5% | _____ | 6%-10% | _____ | 11%-20% |
| 21%-30% | _____ | 31%-40% | _____ | 41%-50% |
| 51%-60% | _____ | 61%-70% | _____ | 71%-80% |
| 81%-90% | _____ | 91%-100% | _____ | Don't Know |
| Not applicable | _____ | | | |

f. Sales to retailers?

| | | | | |
|-------|-------|--------|-------|---------|
| 0%-5% | _____ | 6%-10% | _____ | 11%-20% |
|-------|-------|--------|-------|---------|

| | | | | |
|----------------|-------|----------|-------|------------|
| 21%-30% | _____ | 31%-40% | _____ | 41%-50% |
| 51%-60% | _____ | 61%-70% | _____ | 71%-80% |
| 81%-90% | _____ | 91%-100% | _____ | Don't Know |
| Not applicable | _____ | | | |

27. What percentage of the overall market does your company represent:

b. In the local/regional market?

| | | | | |
|----------------|-------|----------|-------|------------|
| 0%-5% | _____ | 6%-10% | _____ | 11%-20% |
| 21%-30% | _____ | 31%-40% | _____ | 41%-50% |
| 51%-60% | _____ | 61%-70% | _____ | 71%-80% |
| 81%-90% | _____ | 91%-100% | _____ | Don't Know |
| Not applicable | _____ | | | |

c. In the national market?

| | | | | |
|----------------|-------|----------|-------|------------|
| 0%-5% | _____ | 6%-10% | _____ | 11%-20% |
| 21%-30% | _____ | 31%-40% | _____ | 41%-50% |
| 51%-60% | _____ | 61%-70% | _____ | 71%-80% |
| 81%-90% | _____ | 91%-100% | _____ | Don't Know |
| Not applicable | _____ | | | |

d. In the international market?

| | | | | |
|--------------|-------|------------|-------|----------------|
| Less than 1% | _____ | 1%-3% | _____ | 3%-5% |
| 6%-10% | _____ | 11%-20% | _____ | 21%-30% |
| 31%-40% | _____ | 41%-50% | _____ | 51%-60% |
| 61%-70% | _____ | 71%-80% | _____ | 81%-90% |
| 91%-100% | _____ | Don't Know | _____ | Not applicable |

28. Approximately what percentage of your total production was outsourced, or sub-contracted to another organization last year?

| | | | | |
|--------------|-------|---------|-------|---------|
| Less than 1% | _____ | 1%-3% | _____ | 3%-5% |
| 6%-10% | _____ | 11%-20% | _____ | 21%-30% |
| 31%-40% | _____ | 41%-50% | _____ | 51%-60% |

| | | | | |
|----------|-------|------------|-------|----------------|
| 61%-70% | _____ | 71%-80% | _____ | 81%-90% |
| 91%-100% | _____ | Don't Know | _____ | Not applicable |

29. Approximately what share of net profits was re-invested back into your company last year (not distributed to shareholders or owners)?

Less than 5% _____
 5%-10% _____
 11%-25% _____
 Over 25% _____

30. If you re-invested net profits, please designate in percentages (which combined, total 100%) the percentage of net profits re-invested in:

Equipment _____
 Training _____
 Purchase of Services _____
 Market information _____
 Advertising and promotion _____
 Certifications _____
 Other, (Specify) _____

31. If your company sells to the international market, to which markets does it sell to? (Check all that apply)

Asia Far East _____
 Central Asia _____
 Middle East _____
 Western Europe _____
 Eastern Europe _____
 North Africa _____
 Sub-Saharan Africa _____
 North America (US, Canada, Mexico) _____
 South America _____

Please check the response that best describes your answer

32. Right now, how many months ahead has the management of your enterprise planned its activities regarding:

a. Product mix and target markets,
 0-3 months _____
 4-6 months _____
 7-12 months _____
 Over 12 months _____

b. Human resources (employment and training)
 0-3 months _____
 4-6 months _____
 7-12 months _____
 Over 12 months _____

- c. Investments
 - 0-3 months _____
 - 4-6 months _____
 - 7-12 months _____
 - Over 12 months _____

33. Thinking of your main product line or main line of services, and comparing your production process with that of your closest *local* competitor, which of the following best summarizes your position:

- a. My company's technology is LESS ADVANCED than that of my main competitor, _____
- b. My company's technology is ABOUT THE SAME as that of my main competitor, _____
- c. My company's technology is MORE ADVANCED than that of my main competitor _____
- d. No competitor/ not applicable _____
- e. Don't know _____

34. Thinking of your main product line or main line of services, and comparing your production process with that of your closest *international* competitor, which of the following best summarizes your position:

- a. My company's technology is LESS ADVANCED than that of my main competitor, _____
- b. My company's technology is ABOUT THE SAME as that of my main competitor, _____
- c. My company's technology is MORE ADVANCED than that of my main competitor _____
- d. No competitor/ not applicable _____
- e. Don't know _____

35. Has your company received any regional or international certifications and if so what was it? (for instance ISO 9000, 9001, 14000, GlobalGap, Fair Trade, or other)

- Yes _____
- If yes, please list _____
- No _____

Please check the response that best describes your answer

36. Over the last three years, what was the leading way in which your company acquired technological innovations?

- a. Produced it ourselves _____
- b. Produced by the government _____
- c. Licensed from foreign companies _____
- d. We have not acquired technological innovations _____

37. Has your company undertaken any of the following initiatives in the last 3 years?

| Yes | No | |
|-----|----|--|
| | | Developed a new product line? |
| | | Upgraded an existing product line? |
| | | Introduced new technology that has substantially changed the way the main product is produced? |
| | | Discontinued at least one product (not production) line? |
| | | Opened a new production facility? |
| | | Closed at least one existing production facility? |
| | | Agree to a new joint venture with a foreign partner? |
| | | Obtained a new licensing agreement? |
| | | Outsourced a major production activity that was previously conducted in-house? |
| | | Brought in-house a major production activity that was previously outsourced? |

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