Foreword

In June 1998, the International Labour Conference adopted Recommendation No. 189, concerning “General conditions to stimulate job creation in small and medium-sized enterprises”. This recommendation recognizes the importance of the small enterprise sector in the areas of job creation and economic development. It suggests that an effective service infrastructure for small entrepreneurs should be developed. To facilitate the exchange of experiences, it also underlines the importance of disseminating information on best practices in the area of small enterprise development. The purpose of the present study is to facilitate the achievement of these goals for the Caribbean region.

This study is the outcome of desk and field research carried out in 1998 and 1999 by the Caribbean Multidisciplinary Advisory Team of the International Labour Organization (ILO/CAMAT). Its aim is to provide a deeper insight into the accomplishments and problems of small enterprise development organizations (SEDOs) in the Caribbean and to contribute to strengthening these organizations further.

With this end in mind, the study is divided into four sections. The first of these gives an overview of the small enterprise sector in the region and acknowledges the abundance of support services available to this sector. The second section describes a wide range of tools and techniques to analyse the performance of SEDOs and to identify best practices in their delivery of support services to the small enterprise sector. Section III gives an overview of best practices and approaches to small enterprise development among SEDOs in the Caribbean. Here, examples of best practices and remarkable experiences are highlighted, and gaps between current and best practices identified. In the final section, recommendations are made on how to narrow these gaps, adapt support services to meet the requirements of small entrepreneurs and strengthen the organizations’ ability to address the needs of their clientele adequately. It is hoped that this study will be a useful and easily readable tool for persons involved in the development of services for the small enterprise sector.

This is one of a series of publications developed by ILO/CAMAT as part of its enterprise development programme, including:

- Small businesses, key ingredients and constraints to their success in the Caribbean: Report of an ILO TSS1 mission (ILO Caribbean Office, 1995);
- Women entrepreneurs in micro and small businesses in Trinidad and Tobago (Marleen Verbruggen, 1997);
- Small enterprise development in the Caribbean (ILO Caribbean Office, 1999);
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### List of acronyms and abbreviations

<table>
<thead>
<tr>
<th>Acronym</th>
<th>Full Form</th>
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<tbody>
<tr>
<td>ADB</td>
<td>Agricultural Development Bank</td>
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<tr>
<td>BBB</td>
<td>Belize Business Bureau</td>
</tr>
<tr>
<td>BESO</td>
<td>British Executive Service Overseas</td>
</tr>
<tr>
<td>BEST</td>
<td>Belize Enterprise for Sustained Technology</td>
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<tr>
<td>BIM</td>
<td>Belize Institute of Management</td>
</tr>
<tr>
<td>BMA</td>
<td>Barbados Manufacturers’ Association</td>
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<tr>
<td>CAMAT</td>
<td>Caribbean Multidisciplinary Advisory Team</td>
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<td>CARICOM</td>
<td>Caribbean Community</td>
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<td>CCGA</td>
<td>Co-operative Citrus Growers’ Association</td>
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<tr>
<td>CDB</td>
<td>Caribbean Development Bank</td>
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<tr>
<td>CDCC</td>
<td>Caribbean Development Co-operation Committee</td>
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<tr>
<td>CEO</td>
<td>Chief Executive Officer</td>
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<tr>
<td>DHA</td>
<td>Dominica Hucksters’ Association</td>
</tr>
<tr>
<td>ECA</td>
<td>Employers’ Consultative Association of Trinidad and Tobago</td>
</tr>
<tr>
<td>ECLOF</td>
<td>Ecumenical Church Loan Fund Committee of the Christian Council of Trinidad and Tobago</td>
</tr>
<tr>
<td>EIM</td>
<td>Economisch instituut voor het midden – en kleinbedrijf</td>
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<tr>
<td>ETC</td>
<td>Trinidad and Tobago Export Trading Company</td>
</tr>
<tr>
<td>Forum NGOs</td>
<td>National Forum of Non-Governmental Organizations against Poverty and for Sustainable Development</td>
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<td>FUNDAID</td>
<td>Trinidad and Tobago Development Foundation</td>
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<tr>
<td>GDP</td>
<td>gross domestic product</td>
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<td>GTZ</td>
<td>German Agency for Technical Co-operation</td>
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<td>IDB</td>
<td>Inter-American Development Bank</td>
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<tr>
<td>IESC</td>
<td>International Executive Service Corps.</td>
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<td>ILO</td>
<td>International Labour Organization</td>
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<td>IPED</td>
<td>Institute of Private Enterprise Development</td>
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<td>JAMPRO</td>
<td>Jamaica Promotions Corporation</td>
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<tr>
<td>JEA</td>
<td>Jamaica Exporters’ Association</td>
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<tr>
<td>JEF</td>
<td>Jamaica Employers’ Federation</td>
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<tr>
<td>MSEs</td>
<td>micro and small enterprises</td>
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<tr>
<td>NDF</td>
<td>national development foundation</td>
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<td>NDF-B</td>
<td>National Development Foundation of Belize</td>
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<td>NDF-J</td>
<td>National Development Foundation of Jamaica</td>
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<tr>
<td>NGO</td>
<td>non-governmental organization</td>
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<tr>
<td>NMCP</td>
<td>Netherlands Management Cooperation Programme</td>
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<tr>
<td>NVB</td>
<td>Nationale vrouwen beweging (National Women’s Movement)</td>
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<tr>
<td>OECD</td>
<td>Organisation for Economic Co-operation and Development</td>
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<tr>
<td>SBCI</td>
<td>Small Business Credit Initiative</td>
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<td>SBDC</td>
<td>Small Business Development Company</td>
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<tr>
<td>SEDO</td>
<td>small enterprise development organization</td>
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<td>SEDU</td>
<td>small enterprise development unit</td>
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<tr>
<td>SEEP</td>
<td>Small Enterprise Education and Promotion Network</td>
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<td>SFBB</td>
<td>Small Farmers and Business Bank</td>
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<tr>
<td>SMEs</td>
<td>small and medium enterprises</td>
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<tr>
<td>STIA</td>
<td>Suriname Trade and Industry Association</td>
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<tr>
<td>TIDCO</td>
<td>Tourism and Industrial Development Company of Trinidad and Tobago Ltd.</td>
</tr>
<tr>
<td>TIPS</td>
<td>Trade and Investment Promotion Service</td>
</tr>
<tr>
<td>TSS</td>
<td>Technical Support Services</td>
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<tr>
<td>UNDP</td>
<td>United Nations Development Programme</td>
</tr>
<tr>
<td>UN ECLAC</td>
<td>United Nations Economic Commission for Latin America and the Caribbean</td>
</tr>
<tr>
<td>USAID</td>
<td>United States Agency for International Development</td>
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<tr>
<td>U/Tech</td>
<td>University of Technology</td>
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</table>
• Practical guidelines for promoting enterprise culture in the Caribbean (Marilou M. Calzado, 1999).

This study was developed by Judith van Doorn and supervised by Chris Imoisili, with contributions from Asif Chida, David Nii Addy and Emru Millette.

April 2000

Willi Momm
Director
ILO Caribbean Office
Terminology

Counselling (mentoring)— usually delivered through one-on-one interaction. It includes a wide range of services such as assistance in the development of business plans, registration procedures, loan applications, legal advice and feasibility studies.

Entrepreneurship development— efforts and training that target potential entrepreneurs, encouraging them to start up a business by developing the personal, organizational and administrative skills needed.

Impact or effectiveness— the extent to which a support intervention has been able to achieve its development objectives.

Incubators— systems where newly established firms share a building with individual offices and/or workshops, as well as common space for shared services such as secretarial support, meeting rooms and access to hardware or machinery. A core element of business incubators is the availability of mentoring services and technical, financial, design and managerial support.

Marketing services— services that assist entrepreneurs in the areas of product development, design, the purchase of raw materials and appropriate equipment, as well as quality control, packaging, distribution, promotion, export documentation, market information and market access.

Networking— the establishment of formal or informal linkages between similar organizations with mutual interests. SEDOs may build networking relationships with other SEDOs, government institutions, research centres, donors, international organizations and other relevant parties.

One-stop shops— centres that combine a wide range of services for entrepreneurs, such as information, training, counselling, technical assistance and credit. Other services may include equipment rental and supply of raw materials.

Small enterprises— businesses of less than 25 employees. The term “small enterprises”, refers to both micro and small enterprises.

Small enterprise development organizations (SEDOs)— all organizations and programmes that are directly or indirectly involved in activities to develop and strengthen the small enterprise sector. This term may refer to government organizations, NGOs, private and membership organizations providing services in finance, training, technical assistance, marketing, information, advocacy,
representation and technology development. They may focus on one or a limited number of services or combine a wide variety of support services. Although their objectives may vary, their thrust is to facilitate the creation, development and growth of small enterprises in a sustainable way.

Sustainability—unless otherwise indicated, the term is used to refer to the financial sustainability of a SEDO, i.e. the extent to which the organization recovers the cost of its operations through clients’ fees and other income-generating activities.
Executive Summary

The small enterprise sector in the Caribbean

In the Caribbean, small enterprises represent three quarters of total business activities and thus make a sizeable contribution to the generation of employment and income. However, small entrepreneurs are still faced with a wide range of constraints. Despite the important role of the small business sector in local economies, support services are still fragmented and under-resourced. Although SEDOs are widely represented in the Caribbean, there is much overlap in activities within countries. Furthermore, SEDOs themselves face various constraints that impede the provision of adequate support services.

Institutional development of SEDOs

Ideally, SEDOs should progress through various stages of growth until they can be considered mature and sustainable organizations. This process consists of three stages—development, sustainability and expansion. While these stages reflect a theoretical and sequential approach towards institutional development, it should be borne in mind that SEDOs generally reflect characteristics of various stages at the same time.

Performance indicators

To assess the success of SEDOs, indicators such as outreach, efficiency, impact and sustainability should be used. When evaluating their performance, SEDOs should be aware that the impact of their services is often affected by external influences. If they neglect these external influences, they will find it impossible to portray a realistic picture of their performance.

SEDOs in the Caribbean

The scope of enterprise development services in the Caribbean varies widely. Financial services play an important role in the portfolio of SEDOs—despite this, entrepreneurs still encounter problems in accessing working capital. While advocacy and representation services are readily available, marketing assistance is less so. Due to the lack of specialized business training agencies, training services often do not meet the specific needs of small entrepreneurs. Finally, incubators and assistance in the area of technology are only available on a very limited scale.

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1 Here, the term refers to organizational sustainability.
Training organizations

Only a few organizations focus exclusively on the provision of small business training. By offering their services to a wider target group, some have been able to recover part of the costs incurred in their operations. Due to their theoretical approach, limited resources and poor fulfilment of entrepreneurs’ needs, the impact of training courses is very limited. Still, training organizations have been able to enhance technical skills and initiate a change in attitude among their trainees. However, sustainability is very low, and although most training institutions include the introduction of mentoring programmes and tracer systems among their future activities, the majority lack funding to actually implement these plans.

Funding organizations

While a few focus exclusively on the provision of credit, most provide a wider range of services—including training, information, technical assistance and entrepreneurship development. This combination of services enables them to generate additional income and operate in a market area where competition is less pressing. These organizations have a significant impact on job creation. Due to their limited ability in the area of loan appraisal and monitoring, default rates are relatively high. Finally, funding agencies plan to introduce new financial portfolios, consider expanding the provision of training services and are interested in building partnerships with financial institutions.

Marketing organizations

Marketing organizations engage in trading, promotion, counselling and technical assistance. Impact assessments are generally based on personal observations and incidental evaluations. Achievements pertain mainly to increased visibility and market access for small entrepreneurs. A few organizations generate income from trade fairs, sale of packaging materials and trading activities—which enables them to cross-subsidize other services. However, since most services are provided free of charge, organizations are generally not self-sustainable. Future plans include the introduction of sector-specific trade fairs, the expansion of an international network and the introduction of certification for marketed produce.

Advocacy and representation organizations

The mandate and services of advocacy and representation organizations vary widely. Services range from lobbying and representation to networking, technical assistance, training and sensitization. These organizations have made contributions to government budgets and regulations and, to some extent, have also been able to secure financial and technical assistance and to initiate the establishment of product groups. Sustainability is very low—most organizations depend heavily on annual fees and voluntary contributions. As a result, lack of
financial resources is a common problem. However, some organizations manage to generate additional income through training courses and seminars, consulting, trade fairs, export facilitation and luncheons. Future plans include the identification of core competencies and the expansion of training services.

Other organizations

A few organizations do not fall under any of the above-mentioned categories. These have done considerably well in terms of outreach and impact. They have improved access to credit and have increased knowledge and awareness through training and community programmes. Donor organizations have become more business-like in their relations with and expectations of their clients, and SEDOs are expected to operate their organizations along similar lines. Desirable activities for the future include continuous needs assessments, strategic planning and decentralization. Finally, they plan to market their expertise further, while exploring ways to cross-subsidize development activities with funds from more profitable programmes.

Constraints encountered by SEDOs

Constraints among support organizations in the small enterprise sector pertain mainly to the absence of structural needs assessment and performance analyses, low impact (particularly among training organizations), limited resources, little income generation, low negotiating power and limited efforts to identify viable markets within their target group.

Recommendations

SEDOs should adapt a customer-oriented approach in order to address the requirements of their target group more adequately. This requires systematic needs assessment of various business segments, including women entrepreneurs. Services should be targeted towards these specific needs and fine-tuned on the basis of periodic evaluations.

To enhance their impact, support organizations should engage in performance assessments and identify services that have the potential to generate short-term financial benefits to their target group. They should bear in mind that not only does their clients’ willingness to pay reflect the usefulness of their service to small entrepreneurs, but also that payment generates additional income to the organization. To further increase their own impact and sustainability, they should identify opportunities to provide complementary and mutually reinforcing services, singling out income-generating services and exploring possibilities to cross-subsidize less cost-effective services with revenues from more profitable activities.
I. THE SMALL ENTERPRISE SECTOR IN THE CARIBBEAN

This section gives a brief description of the problems and objectives that are addressed in this study. It provides an overview of characteristics of the small enterprise sector and constraints encountered by small entrepreneurs. Furthermore, it discusses the extent to which small enterprise development organizations (SEDOs) address the needs of these entrepreneurs. Finally, it includes an overview of support services to facilitate the development of small enterprises.

Background

Small enterprise development in the Caribbean

In the Caribbean, as in other parts of the world, the small enterprise sector has gained increasing recognition among government, donor and other organizations. Since the early 1980s, it has become apparent that structural adjustment programmes, trade liberalization, privatization and particularly high levels of youth unemployment have created a need for more concentrated activities to promote and develop the small enterprise sector.

To address this issue, the CARICOM Heads of Government declared 1988 the Year of Small Business and implemented a programme of activities to accompany this event. Some governments have also been engaged in the development of policies and benefits for the small enterprise sector. In Trinidad and Tobago, for example, the Task Force on Small and Medium Enterprise Development formulated a policy framework and action plan for the development of the sector. At present, Trinidad and Tobago is the only country in the Caribbean that has enacted fiscal benefits and incentives for the small enterprise sector. The governments of Barbados and Jamaica have also taken initiatives to assist the small enterprise sector by, respectively, developing legal and fiscal measures and a policy outline for the sector. Furthermore, a Small Business Development Act is to be enacted in Barbados (ILO, 1999:23-25).

International organizations have also made an important contribution to small enterprise development in the Caribbean. The Organisation for Economic Co-operation and Development (OECD), for example, implemented a project on small-scale enterprise and entrepreneurial development in Eastern Caribbean countries that was geared towards the enhancement of entrepreneurship,
enterprise development and institution building. Other examples include the establishment of small enterprise development units (SEDUs) in the Eastern Caribbean by the United Nations Development Programme (UNDP), in collaboration with ILO, and the establishment of national development foundations (NDFs) by USAID. As a result, Caribbean entrepreneurs have increasingly been able to seek support from local development organizations.

The extent of the small enterprise sector

Although the importance of the small enterprise sector is increasingly recognized, statistical information on this sector is extremely scarce. There are also negligible reliable data on the extent of the sector in the Caribbean and on small business activities in the various countries. The existing statistical information has generally been compiled through the efforts of donors and other international agencies. Table 2 gives an overview of the characteristics of the small enterprise sector in the countries under review.

Constraints

Studies carried out by ILO revealed that, in the Caribbean, small entrepreneurs face a number of constraints, particularly in the areas of legislation, finance, training, marketing, networking and infrastructure. Table 3 gives an overview of the major constraints, as identified by recent ILO (1995b; 1999) studies.

Small enterprise development services

In light of the above, the importance of continued efforts to create an enabling environment for the small enterprise sector cannot be overlooked. While support services are generally widely available in the Caribbean, there is much overlap in activities; at the same time, specific needs and problems are not being addressed. Throughout the Caribbean, agencies for providing financial support to enterprises are relatively abundant. However, one issue that is often overlooked is that small entrepreneurs face considerable non-financial constraints too, and that these constraints may well be of equal or more importance to their business operations. It has also been acknowledged that donor support for the provision of non-financial business development services is relatively less developed and generally based on grant funds—which tends to limit the sustainability of these services (IDB, 1997:6).

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1 NDFs have been established in Antigua and Barbados, Barbuda, Belize, Dominica, Grenada, Jamaica, Montserrat, Saint Lucia, St. Kitts and Nevis, St. Vincent and the Grenadines, and Trinidad and Tobago.
### Table 2—Characteristics of the small enterprise sector in the Caribbean

#### Bahamas
- Some 50 SMEs are responsible for the creation of 146 new jobs
- These SMEs have a $4 million impact on the country’s balance of payments

#### Barbados
- MSEs are responsible for over 80 per cent of all business activity
- The small enterprise sector employs some 17,000 persons

#### Belize
- Some 1,800 enterprises were operational in 1996
- The small enterprise sector produces at least 50 per cent of the country’s GDP

#### Guyana
- Most MSEs operate in the retail sector
- Viability of these businesses is generally an issue of major concern
- Income generation by small enterprises is low
- Most businesses have only a few employees and low levels of sales

#### Jamaica
- Some 93,000 micro businesses were operational in 1996
- Growth rate of the small enterprise sector, 1983-1990: 141.6 per cent
- Growth rate of the small enterprise sector, 1990-1996: 4.8 per cent
- The micro enterprise sector generated 14 per cent of GDP in 1996
- About one third of the total labour force is own account or unpaid worker φ
- The small enterprise sector employs on average 1.9 persons per business
- Since 1996 women have represented half of the micro entrepreneurs

#### Suriname
- Available research information on the small enterprise sector needs to be updated
- Major constraints: currency devaluations and an unstable exchange rate

#### Trinidad and Tobago
- Some 25,000 small businesses were operational in 1996
- About one fifth of the total labour force is own account or unpaid worker φ
- The small enterprise sector employs on average 1.2 persons per business
- The small enterprise sector employs some 50,000 persons
- About one third of small business owners are female

#### Caribbean
- MSEs are responsible for 70-85 per cent of all business activity
- One third to half of all MSEs are owned and operated by women

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Note: * Unpaid workers are generally family members working in a small business.
Sources: a IDB, 1999.
  b ILO, 1999.
<table>
<thead>
<tr>
<th>Table 3—Constraints to small entrepreneurs in the Caribbean</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Legislation and regulations</strong></td>
</tr>
<tr>
<td>• Absence of a policy and legislative framework</td>
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<tr>
<td>• Burdensome regulatory and administrative requirements</td>
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<tr>
<td>• Fiscal policies and incentives are generally biased in</td>
</tr>
<tr>
<td>favour of larger entrepreneurs</td>
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<tr>
<td><strong>Co-ordination and support</strong></td>
</tr>
<tr>
<td>• Fragmentation of efforts aimed at addressing the needs</td>
</tr>
<tr>
<td>of the sector</td>
</tr>
<tr>
<td>• Insufficient attention for special groups such as</td>
</tr>
<tr>
<td>women, youth, the disabled and farmers</td>
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<tr>
<td><strong>Finance</strong></td>
</tr>
<tr>
<td>• Limited access to affordable funding to finance start-</td>
</tr>
<tr>
<td>up and working capital</td>
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<tr>
<td><strong>Training</strong></td>
</tr>
<tr>
<td>• Inadequately conducted by agencies whose core function</td>
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<tr>
<td>is the provision of credit</td>
</tr>
<tr>
<td>• Training materials generally not consistent with</td>
</tr>
<tr>
<td>education level of small business operators</td>
</tr>
<tr>
<td>• Limited access to “hands-on” technical skills training</td>
</tr>
<tr>
<td>and upgrading</td>
</tr>
<tr>
<td><strong>Marketing and sales</strong></td>
</tr>
<tr>
<td>• Limited formal arrangements for marketing of products</td>
</tr>
<tr>
<td>and services</td>
</tr>
<tr>
<td>• No access to market research and information on market</td>
</tr>
<tr>
<td>opportunities</td>
</tr>
<tr>
<td>• Limited resources to advertise and promote products</td>
</tr>
<tr>
<td>and services adequately</td>
</tr>
<tr>
<td>• Inability to access private and public procurement</td>
</tr>
<tr>
<td>opportunities</td>
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<tr>
<td><strong>Networking</strong></td>
</tr>
<tr>
<td>• Absence of linkages between large and small producers</td>
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<tr>
<td>• Inadequate networking and co-ordination</td>
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<tr>
<td>• Absence of a national forum where small entrepreneurs</td>
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<tr>
<td>can participate effectively in discussions and</td>
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<tr>
<td>influence policy issues</td>
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<tr>
<td><strong>Infrastructure</strong></td>
</tr>
<tr>
<td>• Factory space unavailable or too costly</td>
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<tr>
<td>• Inadequate or costly basic utilities</td>
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<tr>
<td><strong>Other</strong></td>
</tr>
<tr>
<td>• Underdeveloped information systems</td>
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<tr>
<td>• Limited availability of technology research and</td>
</tr>
<tr>
<td>development</td>
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<tr>
<td>• Dependency on expensive inputs</td>
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<tr>
<td>• Absence of affordable technical and managerial</td>
</tr>
<tr>
<td>consultancy</td>
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</tbody>
</table>


Concerted efforts should be made to develop a comprehensive support system of financial and non-financial services for the small enterprise sector. Due attention should be paid to the identification of the actual needs of small entrepreneurs and, based on these, SEDOs should identify services for which there is a real demand. Since these needs will change over time and vary along with the growth and development of businesses, SEDOs should acknowledge the importance of an ongoing identification of the actual needs of their target group.
Table 4—Support services for small entrepreneurs, by category

<table>
<thead>
<tr>
<th>Category</th>
<th>Services</th>
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<tbody>
<tr>
<td>Training</td>
<td>• Entrepreneurship training</td>
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<td></td>
<td>• Skills training</td>
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<td></td>
<td>• Management training</td>
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<tr>
<td>Consultancy</td>
<td>• Needs surveys</td>
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<td></td>
<td>• Identification of opportunities</td>
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<tr>
<td></td>
<td>• Business plan development</td>
</tr>
<tr>
<td></td>
<td>• Market research</td>
</tr>
<tr>
<td>Information technology and production</td>
<td>• Identification of appropriate technology</td>
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<tr>
<td></td>
<td>• Identification of equipment and raw material supplies</td>
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<tr>
<td></td>
<td>• Assistance in adapting technology for local needs</td>
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<td></td>
<td>• Product development</td>
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<td></td>
<td>• Quality control and standards</td>
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<tr>
<td>Finance</td>
<td>• Equity finance / venture capital</td>
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<tr>
<td></td>
<td>• Debt financing</td>
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<td></td>
<td>• Loan guarantee programme</td>
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<tr>
<td></td>
<td>• Other innovative programmes</td>
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<tr>
<td>Marketing</td>
<td>• Assistance in identifying and accessing markets</td>
</tr>
<tr>
<td></td>
<td>• Packaging and labelling</td>
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<tr>
<td>Management advisory services</td>
<td>• Accounting services</td>
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<tr>
<td></td>
<td>• Business planning and strategy information</td>
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<tr>
<td></td>
<td>• Financial management</td>
</tr>
<tr>
<td></td>
<td>• Marketing and distribution management</td>
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<td></td>
<td>• Production and materials management</td>
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<td></td>
<td>• Personnel management</td>
</tr>
<tr>
<td></td>
<td>• Management information systems</td>
</tr>
</tbody>
</table>

Table 4 gives an overview of services that, if combined, provide an integrated approach to small enterprise development.

Justification for the study

Over time, SEDOs have gathered a wealth of information in terms of their modus operandi, institutional development, and the design and improvement of their support systems. These organizations have gone through similar development processes, faced identical problems and had comparable experiences. They have also identified ways to select appropriate support...
services, increase their impact and sustainability, and develop methods to
generate internal resources and external recognition.

Despite these similarities, information on each organization's experiences is
generally not accessible to other support organizations. Less established
organizations therefore have to develop successful approaches and techniques
themselves, without being able to draw on lessons, inventions and successful
approaches identified by other organizations. The development of successful
support services and organizational resources is thus more time-consuming and
this does not benefit the small enterprise sector, as a whole. Dissemination of
experiences, approaches and concerns among SEDOs in the Caribbean may
thus be a useful tool to facilitate the learning process and enhance their
performance.

Objectives

The overall objective of this study is to facilitate further institutional
development and improved service delivery among SEDOs in the Caribbean
by:

- providing insight into their modus operandi, performance and organizational
development process;
- facilitating the organizational learning process among them, through the
dissemination of information on their operations and experiences and the
identification of tools and techniques to facilitate a performance analysis.

This study focuses on the identification of approaches, achievements and
constraints among SEDOs in the delivery of support services to small
entrepreneurs. It describes various types of services provided by these
organizations, as well as methods and techniques by which these services are
offered to their target group. Furthermore, the study identifies the
developments, problems, successes and experiences of these organizations,
while discussing their outlook for the future.

It provides managers and decision makers of SEDOs with information on
various options for the implementation of their mandate, while identifying areas
for improvement. The dissemination of information on SEDOs is also
expected to increase the (international) understanding of their operations,
achievements and constraints.

Methodology

During the course of the research for this study, information on best practices
in small enterprise development in the Caribbean was obtained through
interviews with SEDOs in the Bahamas, Barbados, Belize, Dominica, Guyana,
Jamaica, Suriname, and Trinidad and Tobago. In all, 54 organizations were interviewed, and their methods and experiences are revealed in the pages that follow. Although these organizations are all directly or indirectly involved in small enterprise development, they vary widely in terms of their objectives, approach, experience, success, recognition and the lessons learned. Some organizations have made commendable achievements or gone through remarkable experiences. Their stories are highlighted individually later in this study (see boxes 1-4).

The information gathered was analysed along the institutional development framework developed by the Small Enterprise Education and Promotion Network (Edgcomb and Cawley, 1993), and using performance criteria identified by various international organizations. With respect to these criteria, particular reference should be made to the Working Group on Business Development Services (ILO, 1997).

It is acknowledged that this sample is by no means statistically representative of the sector in the region. However, while the conclusions from this study should be regarded as exploratory, the experiences highlighted herein nevertheless generate considerable insight into the operations of SEDOs in the Caribbean.

### Definitions

Even though there is no universal definition of micro and small enterprises (MSEs), there is some agreement as to their general characteristics in developing countries. Overall, MSEs are characterized by low levels of technology, limited access to credit, lack of managerial capacity and lack of linkages with the modern economy. In terms of the number of employees, micro enterprises are generally defined as employing up to 10 workers while small enterprises are defined as employing up to 50 workers (ILO, 1997).

It should be kept in mind, however, that these definitions might have to be adapted to specific conditions prevailing in various developing countries. This study will therefore make use of the following definitions, used by the Caribbean Development Bank (CDB) (ILO, 1999:11):

- **Micro enterprises**—businesses that are owner-managed, with less than five employees and less than a $25,000 investment in equipment. They are usually home-based operations.

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2 The ILO (1997) report is based on the findings of this working group, which was formed by the Committee of Donor Agencies for Small Enterprise Development. ILO participated in this working group.

3 All references to dollars are to US dollars.
• Small enterprises—businesses that employ less than 25 employees or operate on less than 4,000 square feet of operating area. In addition, the level of investment in equipment (excluding real estate) is less than $50,000 or annual sales are less than $125,000.

<table>
<thead>
<tr>
<th>Components</th>
<th>Stages</th>
<th>Expansion</th>
</tr>
</thead>
<tbody>
<tr>
<td>Development</td>
<td>Sustainability</td>
<td>Expansion</td>
</tr>
<tr>
<td>Preparation Implementation Start-up</td>
<td>Consolidation Growth</td>
<td>Transformation Expansion</td>
</tr>
<tr>
<td>Vision</td>
<td>• Develop a vision • Develop leadership • Develop a strategic plan</td>
<td>• Examine and refine vision • Develop systems for board evaluation and rotation • Plan for CEO succession</td>
</tr>
<tr>
<td>Capacity</td>
<td>• Create the core structure • Recruit and train staff • Set up accountability systems • Adapt the methodology</td>
<td>• Standardize systems • Refine methodology • Develop and maintain personnel</td>
</tr>
<tr>
<td>Resources</td>
<td>• Project financial requirements • Acquire resources</td>
<td>• Improve cost recovery • Improve repayment rates • Review financial viability projections • Expand donor base for non-credit activities</td>
</tr>
<tr>
<td>Linkages</td>
<td>• Choose partners</td>
<td>• Establish a niche • Join associations for learning and policy impact</td>
</tr>
</tbody>
</table>

Source: Edgcomb and Cawley, 1993, pp.12, 21, 76, 128.

II. TECHNIQUES TO IDENTIFY BEST PRACTICES IN SMALL ENTERPRISE DEVELOPMENT
This section provides an overview of the framework for analysis of best practices in small enterprise development. First, it describes an institutional development framework— which defines the development process that SEDOs undergo when evolving from a newly established entity to a mature, consolidated organization. Second, it demonstrates a wide range of indicators to assess the performance of SEDOs, formulated by the Committee of Donor Agencies for Small Enterprise Development and other international organizations.

### Best practices

While there is no clear definition of the concept “best practice”, it is in fact about the pursuit of world-class performance. When identifying to what degree SEDOs have been able to achieve this level of performance, one should consider the extent to which they have had an impact on the performance of small enterprises.

In the early 1990s, donor organizations recognized the importance of recording “lessons learned” in providing assistance to the private sector. Recent experiences in micro-credit programmes provided a wealth of information that could be replicated worldwide. This resulted in the development of a well-defined set of best practice principles for finance-based interventions in the small enterprise sector.

Although the importance of a similar exercise for non-financial interventions was widely recognized, similar guidelines have not yet been developed. The reason for this is that non-financial services vary widely in terms of characteristics and delivery, which makes it much more complex to develop a standardized set of best practice tools and techniques (ILO, 1997). Despite these difficulties, some organizations have taken the initiative to develop principles for the delivery of non-financial services. One example includes the Committee of Donor Agencies for Small Enterprise Development, which has developed guidelines for donor-funded interventions (ILO, 1999) in (non-financial) business development services.

### The institutional development framework

In pursuing world-class performance, SEDOs have to go through a complex process of institutional development, building and strengthening the organizations in various areas of expertise and competence. This process also requires continuous adaptation, since methods and techniques will change when the organization graduates from one stage of development to another. The process of institutional development has been outlined in a framework, developed by the Small Enterprise Education and Promotion Network (SEEP).
The institutional development framework (Edgcomb and Cawley, 1993:12) demonstrates three stages of institutional development of SEDOs:

- Development—the focus is on the foundation and mandate of the organization, the design of its methodology, and the development and implementation of a start-up programme.

- Sustainability—the organization has now succeeded in effectively implementing its development programme, and has also become at least partially financially self-sustaining. Overall, it has grown and matured. In the process of achieving organizational sustainability, the focus is on efficiency and financial viability. Other objectives include increased outreach and impact through consolidation and growth of support services.

- Expansion—this stage is characterized by an explicit choice to accomplish a considerable increase in outreach, accompanied by a structural transformation in the organization. Furthermore, this stage generally involves a move towards additional responsibilities that benefit a wider community—particularly in the area of advocacy and national policy issues.

The framework further identifies four components of institutional development that contribute to the development of the organization. These are:

- Vision—the organization’s ability to formulate its mission, objectives and approach. This also pertains to its commitment to achieving this mandate.

- Capacity—its ability to structure itself in such a way as to achieve its objectives in an efficient and effective manner. This pertains to its organizational structure, systems, procedures, methodology and staff.

- Resources—the organization should be able to develop its financial resource base. It should focus on acquiring, maintaining and using its capital, which will require adequate management in the area of income generation, fund raising and accountancy.

- Linkages—this reflects the organization’s ability to establish “productive relationships” with other relevant institutions. It may benefit from the development of linkages in terms of legitimacy, advocacy and organizational strength.

It should be borne in mind that this reflects a theoretical framework, which describes a process in which SEDOs undergo a sequential transition from one stage to another, reality may reveal a different pattern. It is more than likely that SEDOs will reflect characteristics of various development stages at the same time. Despite this, the framework should be considered a useful tool to analyse achievements of small enterprise development organizations in the area of institution building.

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*This refers to organizational sustainability.*
Performance indicators

As a starting point for performance analysis, it is recommended that SEDOs perform a baseline survey to gather information on their target group before providing any assistance. This information will not only serve as a measure of the degree of impact that their support interventions have achieved, but it will also be relevant for the identification of needs and circumstances under which small entrepreneurs are operating.

In addition to the implementation of a baseline survey, SEDOs should identify performance indicators, which they will utilize as a “benchmark” for future development. The target ratios that are set by these benchmarks are useful tools for managers to define goals and assess the accomplishments of the organization over time (Edgcomb and Cawley, 1993).

Indicators that are commonly used to assess the performance of SEDOs include degree of outreach, effectiveness or impact, efficiency and sustainability (see table 6). Naturally, these indicators are very useful for SEDOs’ own internal use, since they can contribute to better decision making based on more accurate information. However, they can also assist the organization to demonstrate the soundness of its operations to external organizations, such as commercial lenders or donors—which may be helpful in attracting technical and financial support.

Data on the outreach of a programme indicate the numbers of small businesses that have benefited from a service. This information should also distinguish gender of beneficiaries and numbers of repeat clients.

(Operational) efficiency is measured by comparing the inputs of an organization with its outputs—for example, the number of clients an organization has reached with a given amount of resources, as well as the number of loans or training courses it has provided. Other examples include the number of clients that have received services from the organization, as well as repayment and delinquency rates that the organization has been able to achieve through its monitoring operations (Edgcomb and Cawley, 1993).

Operational efficiency is an important performance indicator, since the SEDO is directly responsible for its outcome. However, it should be noted that its increased efficiency does not by itself make a contribution to small enterprise development, but only reinforces its impact on the small enterprise sector. Indicators referring to organizational efficiency should explicitly state whether fixed or indirect costs are included in the calculation. If this is not the case, the

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5 See ILO, 1997, section 3.5.
efficiency indicator will give an overly optimistic picture of the organization’s performance.

The impact or effectiveness reflects the extent to which the organization has met its objectives. This type of information is more difficult to measure, since it is not readily available to the organization. Besides, the SEDO is just one of many factors influencing the performance of the small enterprise sector, and this creates more difficulty in segregating the pure impact of the SEDO on small enterprise performance. Despite these difficulties, it is very important that the SEDO at least try to obtain an indication of its impact since this will enable it to assess the relevance of its services to the target group.

When assessing the impact of its services, the organization may consider identifying whether the income of its beneficiaries has increased. Other indicators include the number of new jobs and new businesses that have been created, the extent to which beneficiaries have gained better access to credit and the extent to which their skills have improved (Edgcomb and Cawley, 1993:48).

SEDOs can also assess the impact of their interventions by measuring the degree to which they have been able to enhance entrepreneurs’ capacity to provide for themselves and for others. The entrepreneurs’ improved ability to satisfy their own needs, together with their empowerment, improved security and self-confidence also give an indication of the impact of an intervention. Furthermore, an intervention should be assessed in terms of its impact on the community and on gender equity (Getu, 1996).

Finally, the impact of an intervention can be assessed by measuring the degree to which small entrepreneurs have been able to manage their businesses more effectively. To gain insight into this area, one could look at improvements in their level of understanding and skills, discipline, accountability, marketing and management practices.

Although the term sustainability generally refers to the financial viability of an intervention, it may also refer to the organizational viability. While financial sustainability expresses the extent to which the costs of an intervention can be recovered through client fees, organizational sustainability represents the soundness of organizational structures and management techniques to ensure their cohesiveness and recognition. This definition is less common, but “sustainability” can also refer to the longevity of changes in small business practices—i.e. the extent to which achievements at the enterprise level will endure over time (ILO, 1997:section 3.1).
Table 6—Performance indicators for SEDOs

<table>
<thead>
<tr>
<th>Outreach</th>
<th>Number of small entrepreneurs, women entrepreneurs and repeat clients that have benefited from business support services.</th>
</tr>
</thead>
<tbody>
<tr>
<td>(Operational) efficiency</td>
<td>Number of clients, loans and training courses; cost of service delivery; repayment rates; delinquency rates; size of loan portfolio.</td>
</tr>
</tbody>
</table>
| Effectiveness or impact | Poverty alleviation and empowerment— income generation; employment generation; start-up rate; business expansion; survival rate; indirect beneficiaries; better access to credit; ability to satisfy (basic) needs; client self-sufficiency; gender equity; community impact; self-confidence; ability to support others; increased options; improved security.  
Effective business management— better business conduct; increased level of understanding and skills; decision making based on appropriate information; accountability and discipline; improved marketing and management techniques; diversification of business activities; business innovations. |
| Sustainability | Organizational sustainability— the degree to which SEDOs are aware of their objectives; cohesiveness; widely recognized and well-established organizations.  
Financial sustainability— the degree to which the organization is able to recover the cost of its services through client fees and the generation of additional income; percentage of direct cost recovery in programmes; reimbursement rate; delinquency rate; balance value of loans written off; income generation from special projects.  
Impact sustainability— the extent to which changes in the operations of small enterprises are permanent. |

Sources: Edgcomb and Cawley, 1993; ILO, 1997; Getu, 1996.

Other indicators that are often used to gain insight into the performance of a SEDO are the following (ILO, 1997:section 3.3):

- **Start-up rate**— an indication of the number of persons that have started a business after having participated in a business start-up programme. An intervention can be considered successful when this rate ranges between 30 and 60 per cent.
- **Survival rate**— an indication of the number of businesses that are still in operation one year after the implementation of a support programme. The target rate should be about 80 per cent.
- **Percentage of direct cost recovery in training programmes**— an indication of the degree to which training programmes are self-sufficient. Although this rate generally applies to training programmes, it may also be applied in a wider context. When providing services to growth-oriented enterprises, training organizations should be able to achieve full cost recovery. Ideally, this rate
is about 50 per cent, but for smaller or newly established enterprises, it will be less.

Measuring the achievements of SEDOs along these criteria will ensure that evaluation takes place in a comprehensive way, including a wide range of factors and thus giving a well-defined specification of the organization. The use of these indicators will also facilitate comparison of achievements among various SEDOs.

Each organization may use different indicators to assess its operations, but it should continuously examine the appropriateness of the applied indicators. This can be done by determining whether they provide the type of information that is relevant to make any future decisions about its programmes and activities.

When applying quantitative ratios, it should be kept in mind that qualitative aspects of services are not being assessed.

### Difficulties in assessing small enterprise development organizations

When assessing the performance of SEDOs (ILO, 1997), there is a danger of underestimating their impact since they generally limit impact assessment to their own target group. However, entrepreneurs who are not clients of a given organization may also benefit from its services, since they can copy new techniques or approaches that are being introduced by its actual clients. This is called the "ripple effect" of an enterprise development intervention. Ignoring ripple effects will thus result in an underestimation of the impact of SEDOs.

SEDOs should also bear in mind that improvements in enterprise performance will manifest themselves through various stages, and that proper assessment of their performance can thus only take place if these stages are being identified and improvements in each stage judged. By taking a partial approach to performance assessment, SEDOs will be able to identify achievements that have not yet reached the final stage. In addition, this approach will contribute to the credibility of causality between the service provided and the improved performance at the enterprise level.

Finally, another bias may occur in the area of evaluation. When a SEDO executes an evaluation shortly after the programme has taken place, there is a risk that longer term benefits are being overlooked.

### External factors in small enterprise development

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When examining the success of SEDOs, it should be taken into consideration that they do not operate in a vacuum. Their services are just one element in a complex range of factors affecting enterprise performance. As a result, it is difficult to pinpoint the extent to which the performance of small enterprises can be attributed to these services. Although scientific methods are available to address this issue, they are often too costly and the efforts required to obtain this information generally outweigh the benefits to be gained.

SEDOs should thus recognize that the outcome of their operations is affected by external factors, and should try to adapt to these circumstances. Some of the external factors to be taken into consideration include the following:

- **The economic environment**—the level of growth in the economy, (economic) stability, monetary and fiscal policies and inflation all affect the operations of the small enterprise sector. Despite this, they are generally beyond the organization's control.

- **The non-economic environment**—the demographic characteristics of a society also affect the performance of SEDOs. First, densely populated areas generally provide better market opportunities for small entrepreneurs. Second, when operating on a larger scale, these entrepreneurs can also achieve lower transaction costs.

SEDOs should not be discouraged when the environment does not seem to be conducive to their operations. Experience has shown that they can be successful in both dynamic and stagnant environments.

### III. BEST PRACTICES OF SMALL ENTERPRISE DEVELOPMENT ORGANIZATIONS IN THE CARIBBEAN

This section describes best practices and experiences of SEDOs in the Caribbean. It is designed to facilitate an exchange of experiences among SEDOs by providing an insight into their methods and approaches, identifying their achievements and concerns, and presenting their expectations for the future. Their level of institutional development is assessed according to the framework presented in table 5. Due to limited availability of information on
achievements, the performance analysis was restricted to the criteria of outreach, impact and sustainability.

Information in this section is based on open interviews with SEDOs—in the Bahamas, Barbados, Belize, Dominica, Guyana, Jamaica, Suriname, and Trinidad and Tobago—grouped into five categories on the basis of their core activities (see annex 2). While it is recognized that this categorization is in some instances rather artificial, it is useful to facilitate the comparison of various types of organizations. The experiences presented pertain to the organizations that have contributed to this study.

Training organizations

In the Caribbean, few organizations have incorporated the provision of training to (starting) entrepreneurs as their primary mandate. Training was widely available to small entrepreneurs, particularly through funding organizations and business associations. While some 20 organizations provided training as a secondary service, only 9 focused primarily on the provision of training to (potential) entrepreneurs—the latter mostly government organizations. Notably, the University of Technology (U/Tech) in Jamaica and the Bahamas Technical and Vocational Institute (BTVI) had established entrepreneurial centres, while the Centre for Entrepreneurship in the Bahamas was closely linked to the College of the Bahamas.

The extent to which training organizations focused on entrepreneurship and small enterprise development varied. The entrepreneurial centres—the Belize Institute of Management (BIM), the Youth Enterprise Programme and the Barbados Institute of Management and Productivity—specifically focused on small business training, while other organizations provided small business training as just one component of a comprehensive training curriculum, which was geared towards a wider target group.

While all training institutes provided instruction in small business or entrepreneurship development, their objectives varied from sensitization and the development of an entrepreneurial attitude to the enhancement of technical and managerial skills and the improvement of productivity at the enterprise level. Beneficiaries of these organizations ranged from undergraduate and postgraduate students to managers and starting and established entrepreneurs.

Support services

The organizations under review provided the following services:

- Technical skills training
• Training in “hard” and “soft” business skills
• Entrepreneurship training
• Entrepreneurship awards
• Information
• Business counselling
• Incubator services
• Business plan awards.

Most training organizations developed their curricula on the basis of their own perceptions of needs and market requirements. Other instruments used to select appropriate training courses were questionnaires, requests and course evaluations. Some government agencies also fine-tuned their services to reduce overlap.

Institutional development

Most training organizations operated in the sustainability stage (see table 5). They developed their training curricula and, in some instances, specifically established entrepreneurial training centres to focus on the development of entrepreneurship among their trainees. Other achievements were made in the area of networking and the establishment of partnerships among these institutes. Government organizations engaged in networking and fine-tuning operations to avoid overlap in activities. Due to the formation of national and international alliances, the Entrepreneurial Centre of U/Tech and the Centre for Entrepreneurship were able to expand the market for their services. As a result, they had grown by providing services to other organizations such as schools, companies and training institutes (to provide training-of-trainers sessions). Furthermore, most organizations were able to secure financial and technical assistance for further improvement of their services. Finally, BTVI and the Youth Enterprise Programme made an agreement with funding agencies to secure access to funds for their graduates, while the latter also assisted its trainees in securing contracts with government and other organizations.

The Center for Employment Training operated in the development stage. It was still exploring ways to successfully engage in small business training activities and was confronted with limited resources and low levels of commitment among its trainees to engage in small business activities. As a

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6 “Hard” skills training included business planning, marketing, financial management, accounting, sales, management information services and computer training. “Soft” skills training included motivation, team building, risk taking, communication and opportunity identification.

7 Entrepreneurship training included sensitization sessions at secondary schools.

8 Through incubator services, trainees could access facilities to improve their business operations.
result of its limited impact in the area of enterprise development, the organization decided to shift towards stimulation and motivation of entrepreneurial activities among its clientele.

Outreach
Training institutions made impressive achievements in this area, often targeting over 1,000 trainees per year. These results can be attributed to the compulsory nature of small business training courses within the overall curriculum of these institutes. Organizations that provided small business training on a voluntary basis reached between 80 persons (Youth Enterprise Programme) and 100 persons (Centre for Entrepreneurship) per year.

Impact
Although training services were generally provided to a large number of trainees, the impact of these services was considerably less impressive—training organizations estimated that the rate of business start-ups among their trainees was less than 3 per cent. This may be attributed to the fact that many training services were geared towards youth, where a hesitant attitude towards self-employment prevailed. Furthermore, it is important to mention that these estimates were not based on tracer studies—and thus may not give a true picture of the actual situation—and did not provide information on the long-term impact of training services. This may be particularly detrimental when assessing their impact among young persons, who may prefer obtaining some working experience before becoming self-employed. Also, some institutions provided training to existing entrepreneurs and therefore the start-up rate was not an adequate criterion to measure their impact.

Entrepreneurial centres and the Youth Enterprise Programme indicated that they had been able to change the attitudes among their trainees towards entrepreneurship. These students had become more amenable to the idea of self-employment, and, in some cases, had started to think in a more entrepreneurial way. Training institutions also contributed to the enhancement of entrepreneurial skills. While this had resulted in the establishment of only a few small businesses, it may also have contributed to the increased employability of these trainees.

Sustainability
Training institutions depended to a large extent on government subventions and donor funds. Their income-generating capacity was limited to the collection of registration fees or heavily subsidized course fees. The Entrepreneurial Centre of U/Tech managed to secure one third of its budget through income-generating activities. It attributed this relative success to the fact that it approached its operations as far as possible in a business-like manner. Examples of income-generating activities included the implementation
of special training programmes for external organizations and the development of commercial business plans and information sheets. Furthermore, BIM identified cross-subsidizing as a technique to provide training services to small entrepreneurs. Income generated through project management was invested in less sustainable training activities.

Lessons learned

The organizations under review identified the following issues as important organizational experiences:

- It appeared to be extremely difficult to initiate change in the way entrepreneurs operated their businesses. By combining training with follow-up guidance, however, trainers could assist entrepreneurs to actually implement the methods and techniques they had acquired through training courses. Another way to improve the impact of training services was to combine them with mentoring and incubator services.

- Training institutes should develop a good product by generating expertise, using adequate tools and techniques and building strong alliances. They should continuously adapt their products to ensure that these fulfil the current training needs of small entrepreneurs.

- Training programmes for small entrepreneurs should adopt a hands-on approach. They should balance theory with practice, involving presenters who have a micro level of understanding and who have gone through similar experiences themselves.
Best practices in small enterprise development: A Caribbean perspective

Box 1—Lessons learned: Experiences of the Belize Institute of Management (BIM)

Impact
In 1989, the Belize Institute of Management (BIM) was established with the assistance of an international donor agency. Until recently, it focused on small entrepreneurs and provided training in the area of business management, but now realizes that it must change its approach if it is to see any improvement in management techniques among its clientele—so far extremely negligible, despite the impressive amount of persons that have benefitted from its training courses.

After more than 10 years of business management training, BIM has learned that it is extremely difficult to initiate significant change in the way small entrepreneurs run their businesses. Although trainees are being equipped with the adequate tools and techniques to improve their management operations, they continue to operate their businesses in the traditional way, and hardly use the knowledge acquired during the training courses.

BIM has thus come to realize that it takes more than training alone to make small business operators change their approach, and that this reluctance to change tends to be more persistent among smaller entrepreneurs. To facilitate change at the business level, BIM has increasingly emphasized the behaviour of the entrepreneur in its training programmes. Training courses in customer service, for example, now focus less on the needs of the customer and more on the entrepreneur’s attitude and behaviour towards his/her customers.

Furthermore, BIM has recently started a small project in which it provides hands-on assistance to its trainees upon completion of the training course, by helping them to apply the acquired techniques in their business. Only when the entrepreneurs actually experience the benefits that arise from these new approaches, will they be less reluctant to change, and fully subscribe to the new management style.

Sustainability
During the first few years of its operation, BIM focused on micro and small entrepreneurs. With the assistance of a donor agency, the organization was able to provide its services free of charge.

When it became more difficult to obtain donor funding, BIM realized that it had to generate its own income to become financially viable. Since it proved to be very difficult to charge micro and small entrepreneurs for their participation in training courses, BIM decided to expand its focus to include medium and large businesses among its clientele. This enabled it to cross-subsidize its services to micro and small entrepreneurs with revenues obtained from larger entrepreneurs.

- Although the development of “soft skills” among small entrepreneurs was often overlooked, it was instrumental to the operation of every business. These skills could assist entrepreneurs to develop entrepreneurial traits
such as attitude and behaviour, which would have a significant impact on their business operations.

Areas of concern

- Despite impressive achievements in the area of outreach, the impact of training courses was generally very limited. Since small entrepreneurs appeared very reluctant to change, training institutions needed to identify creative ways and techniques of improving their impact on small business performance.

- Limited resources and limited autonomy were major concerns for most training institutions. As a result, they were not able to attract and maintain qualified and competent staff and could not undertake forecasts, market analysis, evaluations and tracer studies.

- The development of adequate resources at training institutions was further undermined by donors' bias towards financial services and trainees' reluctance to pay for training.

- Most small entrepreneurs did not generally acknowledge their managerial limitations. This had a negative effect on their participation in management training courses to acquire appropriate management techniques.

Future outlook

The majority of training institutes wanted to expand their services. Examples included the development of mentoring programmes and promotion materials on success stories in small entrepreneurship, the establishment of incubators, the introduction of tracer systems or impact evaluations and the execution of research on the small enterprise sector. The Centre for Entrepreneurship considered establishing a training institute for small business counsellors. This institute could train certified business counsellors who could in turn act as mentors for the small enterprise sector. The Belize Institute of Management decided to shift its focus from customers' needs to attitudes and behaviour of small entrepreneurs. Cost is likely to be a limiting factor in the implementation of these noteworthy plans.

*** Funding organizations

Organizations engaged in funding for the small enterprise sector are well represented in the Caribbean. Those included in this review comprised (semi-) government organizations, NGOs, private organizations, credit unions and a commercial bank. They varied in terms of their range of activities—while the Belize Enterprise for Sustained Technology (BEST), the Institute of Private Enterprise Development (IPED), the Social Development Commission and the
national development foundations had a broader mandate, the other organizations exclusively provided funding services to their clients.

The historical backgrounds of these organizations also varied considerably. Most had been established in the 1970s and 1980s, except for the Agricultural Development Bank (ADB), which had its roots in the colonial period, and the Small Farmers and Business Bank (SFBB), the Small Business Credit Initiative (SBCI) and the Scotia Enterprise Centre, which had only been in operation since the mid-1990s. It should be noted that SFBB had been revitalized after having experienced significant difficulties in the past.

Support services

- Credit
- Wholesale loans
- Training and seminars
- Technical assistance and extension services
- Information
- Business plan preparation
- Accounting services
- Leasing
- Venture capital
- Project development
- Entrepreneurship development for youth and adults.

Credit was provided in various ways, including group loans, individual loans, and collateral-based and collateral-free loans. Collateral-based loans required flexible guarantee requirements—for example, the support of one to three guarantors and the utilization of personal belongings, such as furniture and other household items, as collateral. Group loans were only provided in Belize (by BEST), Guyana (by the Scotia Enterprise Centre), Jamaica (by NDF-J) and Trinidad and Tobago (by ECLOF). Groups had to consist of four and five persons in Trinidad and Tobago and Guyana, respectively, while the minimum group size in Belize was 10 persons. In Belize and Jamaica loans were provided for joint activities of the group, while in Guyana and Trinidad and Tobago they were being made available for individual business activities of each group member. In the last two countries, entrepreneurs established a group to overcome collateral restraints experienced as individual business operators. In Jamaica, on the other hand, groups were reportedly very cohesive and productive.
Training was provided in a wide range of areas, including “hard skills” (e.g. marketing, business management, business plans, financial management, computer training and technical skills) and “soft skills” (e.g. customer relations, motivation and team building). Business plan preparation was either done in collaboration with the entrepreneurs or on their behalf. External consultants provided accounting services at a reduced rate. To encourage the development of an entrepreneurial spirit, ADB and the Bahamas Development Bank provided special loans to participants in youth programmes. The NDFs and IPED became engaged in outreach activities to sensitize the public on the possibilities of self-employment.

Most funding agencies based the delivery of services on their own perceptions of needs and adequate approaches to small enterprise development. Some organizations engaged in needs assessments and sector surveys, while others developed programmes along donor or government requirements and personal preferences of development activities.

Institutional development

The NDFs and IPED operated in the expansion stage. These organizations had successfully improved their repayment rates by establishing or contracting a collection bureau, or through an aggressive loan collection programme. The NDF-J had also established an Asset-Liability Committee to improve financial management at the organization. Furthermore, these organizations had undergone or were in the process of a transition in which they had revised their focus, services and methodology. Examples include the establishment of a training institute (IPED) and the change in focus to include larger and more productive enterprises among the target group (NDF-B).

Funding agencies were generally very satisfied with the combination of financial and training facilities, through which the organizations could enhance the skills of their clientele—which was expected to have a positive impact on small business operations and thus on the repayment of loans. They further indicated that the combination of these facilities under one roof provided opportunities to generate additional income, not only from their clients, but also from other persons or institutions. Diversification has enabled these organizations to move towards a niche market, while further reducing the risk involved in funding activities during periods of economic stagnation. NDF-B had widened its scope to include bigger entrepreneurs and was now able to cross-subsidize services to small entrepreneurs with income generated through bigger transactions.

Most organizations operated in the sustainability stage. They successfully established a revolving fund, which allowed them to operate with little or no external support. They also strengthened their loan assessment and collection procedures, which helped them to reduce their default rates to manageable levels. While some of these organizations provided funding exclusively, others
included non-financial services in their portfolio as well. Despite these achievements, they still encountered problems related to the limited size of their financial portfolio and the relatively high default rate. The latter was of particular concern for semi-government organizations, which were often perceived as being less stringent in the area of loan recollection. Another concern was the fluctuation in the demand for loans, which was partly related to changes in the economic climate.

ADB and the Bahamas Development Bank successfully made the transition from social to commercial entities. Although both were semi-government organizations, their motives for change varied from excessive delinquency rates to the termination of government subventions. Through the implementation of new strategies and policies these organizations were able to adopt a more business-like approach. They found that this process of change was hard to achieve, since it required a change in attitudes—both within the organizations themselves and among their clientele. However, through aggressive public awareness campaigns, they were able to change their image among their clientele. Internal change was achieved through group sessions and explanatory meetings, the introduction of a bonus and awards system and even the recruitment of new employees with experience in the banking sector.

SFBB and SBCI operated in the development stage. SFBB had just started its operations, but SBCI had not managed to generate a revolving fund and still depended heavily on external support. Both charged interest rates noticeably below the market rate. Like credit unions, they identified their limited capacity to appraise loan applications as a major obstacle to growth. Other obstacles included limited visibility and restrictions in their mandate, which prevented them from expanding their operations to a wider target group.

Outreach

Information on numbers of clients served was generally not available, but funding organizations mostly used numbers of loans per year as an indicator of their outreach. The organizations under review had disbursed 47 (credit union) to 3,600 (IPED) loans per year. However, these amounts were rather exceptional, they usually ranged from 200 to 800 loans per year. The NDF-J had disbursed about 2,240 group loans. Particularly in group lending schemes, women benefited considerably; their participation rate was between 65 and 80 per cent.

The average loan size generally ranged from $1,200 to $7,700. Among the exceptions were the Scotia Enterprise Centre, IPED and the Bahamas Development Bank. The first two provided loans of up to $400 and $900, respectively, while the Bahamas Development Bank provided loans that were significantly larger. Group loans were considerably lower; they ranged from $95 to $200 per person.
With the exception of the Bahamas Development Bank, the Development Finance Corporation and the NDF-B, funding agencies operated a loan portfolio of $4.5 million or less. It should be noted, however, that credit unions, Scotia Enterprise Centre and SBCI operated at the lower echelon, which ranged between a quarter and three-quarter million dollars.

Impact

Financial organizations achieved a major impact in the areas of access to credit and employment creation. In particular, donor-funded organizations maintained loan statistics. Employment creation ratios ranged from 1.5 (BEST) to 2.2 (FundAid) jobs per loan. Most organizations indicated that over 75 per cent of their clients were still in operation after one year of loan disbursement. One credit union was less optimistic—only an estimated half to two thirds of its productive loans had achieved sustainable success. FundAid further estimated that, for each client, five other persons had indirectly benefited from its services.

Other achievements pertained to increased levels of professionalism and increased participation in economic and social activities among borrowers. Finally, some organizations were able to initiate networking and the establishment of associations among small entrepreneurs.

Sustainability

With the assistance of concessional loans, most funding organizations were self-sustaining. For the most part, they charged commercial bank rates, with the exception of SBCI and SFBB, which still charged subsidized interest rates, and the credit unions whose rates, though not subsidized, were traditionally below those of the commercial banks. The credit unions and SFBB disbursed credit mainly on the basis of character and family background.

With the exception of a few, most funding agencies maintained information on loan statistics. These showed that delinquency rates were generally around 10 per cent; although NDF-B and IPED were exceptions—they had delinquency rates of 4 and 5 per cent, respectively. The Bahamas Development Bank used to be confronted with extremely high delinquency rates and has now adopted a new approach, resulting in a considerable improvement in repayment rates. Remarkably, the delinquency rate on group loans of the NDF-J is only 2 per cent.

To compensate for the risk involved in non-collateral lending, funding organizations introduced some non-traditional loan requirements. The Scotia Enterprise Centre and credit unions required that clients open a savings account at a value of 30 and 50 per cent of the loan, respectively. NDF-J required that borrowers start saving at least six weeks prior to applying for a
loan. NDF-J and SBCI required that entrepreneurs be in business for six months and one year, respectively. SBCI also engaged in credit checks and required a police certificate of character.

By expanding their target group to include medium-sized entrepreneurs among their beneficiaries, NDF-B, NDF-J and the Bahamas Development Bank were able to generate additional income, which could be used to cross-subsidize services to smaller entrepreneurs.

Apart from income generation from financial services, half of the organizations also generated income through non-financial services. Among these non-financial services, training appeared to have the greatest capacity to generate income for funding organizations. Finally, NDF-J even generated revenues by contracting out trainers.

Lessons learned

- The considerable degree of sustainability that existed among funding organizations was a good indication that emphasis on addressing the needs of the target group obviously did not preclude any hope of sustainability.
- The inclusion of training services in funding programmes was considered beneficial, since training transferred skills that could contribute to the development of the sector and would possibly result in better repayment rates. To ensure broad participation in these training programmes, funding organizations should make training sessions very practical and hands-on in nature, while having the potential to generate tangible benefits to the trainees directly.
- There was general agreement that it was possible to generate high repayment rates on non-collateral loans to small entrepreneurs; however, this required extensive field monitoring.
- Although field monitoring was not a cost-effective service, it was recognized as a highly effective marketing tool.
- Some organizations identified the need to adopt a more segmented approach, i.e. to categorize their clients and to fine-tune their services to each of these categories.
- One organization indicated that mixed groups generally did not function as well as groups in which women and men worked separately. Furthermore, groups that had been in existence before the loan application tended to operate better than newly established ones.
Areas of concern

- Some organizations were operating considerably below full capacity. Although they were exploring ways to increase their revolving fund, they were mostly confronted with limited availability of funds.

- Relatively low repayment rates continued to be a major concern for most funding organizations. This was mostly due to their limited capacity in the areas of loan monitoring and appraisal.

**Box 2—Best practices: The Trinidad and Tobago Development Foundation (FundAid)**

FundAid is one of the success stories in Caribbean micro-financing. Initially geared towards the provision of loan guarantees for group projects, this non-government organization focused on the improvement of access to loans for the purpose of community development. When the economic recession started to affect local communities and unemployment was on the rise, FundAid decided that it had to widen its scope to help its clients face the adverse affects of the national downturn in the economy. It, thus, entered a new area of community support—the provision of loan guarantees to both group and individual micro entrepreneurs.

In the early 1990s, FundAid received a $500,000 loan from IDB, enabling it to engage in the provision of collateral-free loans to micro entrepreneurs. Although the maximum loan size is about $5,000, loans generally range from $80 to $2,400. Initially, borrowers required the assistance of three guarantors for all loans, but this regulation has since been changed to accommodate its clients, and at present only one or two guarantors are required for smaller loans. Apart from loans, FundAid also provides training, accounting services and technical assistance—this last in the form of field visits at least three times during the first six months after the loan is disbursed.

Since its inception, self-help development has been at the heart of the organization’s philosophy. To ensure local acceptance, it insisted that projects be initiated and fully supported by the communities themselves. Its activities are geared towards graduation from micro-enterprise loans to commercial bank loans.

FundAid attaches great importance to speedy loan appraisal and requests are answered within three days. Loans will only be provided after attendance at a two-day training session.

The impact of the revolving fund for micro entrepreneurs has been significant since its inception in 1991 to the end of 1998, over 2,400 loans have been granted. In addition, in terms of both numbers and value, the loan portfolio had almost doubled over the two years prior to the publication of the present study—at present, it stands at approximately $3,000,000. Only 24 loans have been written off so far.

Finally, FundAid estimates that it has contributed to the creation of over 5,000 jobs; that, indirectly, approximately 12,000 persons have benefited from its services; and that over 2,600 persons have been trained. Women entrepreneurs have benefited considerably from the organization’s financial services—56 per cent of its clients are female.
Best practices in small enterprise development: A Caribbean perspective

The absence of long-term market forecasts was an impediment to the identification of market opportunities for the small enterprise sector, and consequently affected the operations of lending agencies.

An organization engaged in the distribution of wholesale funds for on-lending to the small-enterprise sector indicated the need for institutional strengthening and more business-like practices among funding organizations.

Organizations charging subsidized interest rates were at risk of being approached for the purpose of debt consolidation.

Future outlook

Funding organizations were generally interested in partnerships and strategic alliances with other financial organizations. Co-operation with banks and credit unions in the area of credit monitoring was identified as a desirable future activity. Other suggestions concerned the introduction of new financial portfolios, deposits and overdraft facilities, the improvement of credit delivery services and an expansion of training services to their clientele as well as to their staff. In line with donor requirements, it was decided that BEST would allocate a fixed percentage of credit to women, while half of its loans officers would be female in future.

Challenges centred around lack of funding and increasing competition from commercial banks. One organization thought it would eventually be necessary to downsize unless additional capital became available. Finally, the identification of viable market areas for future lending was regarded as another challenge.

Marketing organizations

In the countries under review, 18 organizations provided marketing services to small entrepreneurs although only about half addressed marketing issues as their core objective. Organizations that primarily focused on marketing were mostly government institutions. Among the exceptions were the Co-operative Citrus Growers’ Association (CCGA), the Trinidad and Tobago Export Trading Company (ETC) and the Dominica Hucksters’ Association (DHA).

Although the Tourism and Industrial Development Company of Trinidad and Tobago Ltd. (TIDCO) and Jamaica Promotions Corporation (JAMPRO) had already been in operation for a few decades, they had undergone several changes, amalgamations and reorganizations. The Trade and Investment Promotion Service (TIPS) and the Guyana National Bureau of Standards, on the other hand, were only established in the mid- to late 1990s.

Mandates of marketing organizations varied from the promotion of trade, industry, tourism and investment to trading and the provision of counselling,
and advisory and technical assistance. Their client base ranged from micro to large entrepreneurs. While most organizations assisted individuals, TIDCO and the New Guyana Marketing Corporation only provided assistance to groups. The latter further limited its services to groups of entrepreneurs engaged in non-traditional agriculture, while CCGA and DHA served specific subsectors—i.e. citrus growers and hucksters, respectively.

Support services
- Identification of markets
- Facilitation of market access
- Trading
- Technical assistance
- Administrative / export assistance
- Research and information
- Training
- Business counselling / consultancy
- Group formation and networking
- Standard setting
- Registration and certification
- Productivity and quality improvement
- Incubators.

National and international market opportunities were being identified through networking, representation and trade missions. Facilitation of market access included trade promotion and export facilitation. Trading organizations purchased products from entrepreneurs and marketed them. ETC and CCGA marketed products under a unified brand name, while the latter also processed them. Entrepreneurs received technical assistance in the areas of product development, design, packaging and labelling. Some SEDO's engaged in research and information on national and international market trends, export requirements and consumption trends. Marketing organizations established groups and linkages, while identifying opportunities for joint venture partnerships. Finally, support organizations engaged in sensitization workshops and technical assistance geared towards productivity and quality improvement.

Marketing organizations identified services on the basis of both occasional needs assessments and anticipated needs among small entrepreneurs. A few institutions also engaged in evaluations to measure the appropriateness and effectiveness of their services.
Institutional development

DHA operated in the expansion stage. It had successfully identified a niche market in which they served their clients while securing sufficient revenues to overcome financial constraints and become self-sufficient. The organization attributed its success to the fact that it had been able to keep a clear focus, while striving for sustainability since its inception. In addition, its proactive approach further contributed to its achievements. It appears that it has been able to enter into a niche market and has succeeded in maintaining its position by generating a high degree of commitment from its clientele, building strong links with relevant organizations and keeping ahead of its competitors. Remarkably, it was initially established simply to represent the interests of its members and to improve access to finance. When it identified additional needs in the area of marketing, it shifted its focus to the extent that it became engaged primarily in marketing activities.

Most organizations operated in the sustainability stage. They increased their capacity and resources in terms of committed and qualified staff, while building a strong network with relevant organizations and interest groups. Although they were able to serve their clientele in identifying markets, facilitating access and improving and selling their products, they had not been (fully) successful in becoming sustainable. Some had only recently been established or had undergone significant changes, and were now in the process of identifying the needs of their customers, undertaking sector-specific studies, building credibility and establishing a good working relationship with their clients.

Organizations that had been created as one-stop shops encountered problems in securing a niche market and initiating income-generating activities. Since small entrepreneurs often did not subscribe to the view that SEDOs should charge a fee for their services, these organizations faced further constraints in terms of sustainability.

Outreach

Information on the overall outreach of these organizations was only partially available. ETC acknowledged that it had provided ongoing assistance to 14 small producers during the previous year, together with advice and information to some 14,000 persons since its inception. DHA had provided services to some 436 members, of which 250 were still active at the time of writing—some 75 per cent of these were women. (Further information on DHA is contained in box 3.) CCGA processed and marketed the produce of some 350 farmers, yet the organization had 550 members. Remarkably, less than 12 were women. This was attributed to the fact that women preferred to engage in “short crops”, and citrus was a long-term crop.
The Bahamas Agricultural and Industrial Corporation had established an industrial park and a craft centre. The industrial park provided facilities to 20 entrepreneurs, while the craft centre provided a shared outlet for some 100 stores, reaching 350 entrepreneurs. Over 80 per cent of these beneficiaries were women.

Box 3—Best practices: The Dominica Hucksters’ Association (DHA)

The Dominica Hucksters’ Association (DHA) is the oldest and most organized trading organization in the Caribbean, representing about 60 per cent of all traders in agricultural products in the country. It came into being in the early 1980s, when various events pointed to the need for an organization that would represent the interests of hucksters in Dominica. The most important incentive establishing the association stemmed from a decision by the French government to introduce entry restrictions for foreign traders. Since the government of Dominica now required hucksters to apply collectively for visas, the need for an association became inevitable.

Initially, DHA focused mainly on the provision of credit and administrative support. A donor grant enabled it to establish a revolving fund for the provision of small loans to its members. This loan facility was based on the peer system—each applicant had to be supported by another huckster, who would also become responsible for the repayment of the loan. As time went by, the association embarked upon a new service—the development and sale of improved packaging materials for more efficient shipping of agricultural produce. Initially, members of the association did not fully recognize the importance of this new service, but eventually realized that these materials would enable them to meet international standards and cope with the increasing pressures of global competition.

Over time, the Dominica Hucksters’ Association has evolved from a funding organization into a well-recognized establishment, providing services in a wide range of areas. Besides the above-mentioned services, hucksters can now approach the association for assistance in the preparation of individual tax records; negotiations of reduced rates, investigations of complaints; the provision of hands-on, free training; and research on markets and consumption trends. It has also been able to address the needs of a significant number of micro entrepreneurs—at present it has 436 members, of which about 75 per cent are women—representing their interests both nationally and overseas.

The development of better packaging materials has not only been beneficial to the traders, but has also assisted the association in improving its sustainability. Due to its focus on income-generating activities as well as prudent management of its loan portfolio, DHA has managed to become self-sustaining within seven years.

The association attributes this achievement to the following factors:

- **A clear focus**—it arose from a clear and common need, and focused from the beginning on income generation to ensure its long-term sustainability. With the exception of a few, most services require a financial contribution to cover the costs involved for the organization.

- **A proactive approach**—when the organization experienced financial difficulties, it searched for new avenues to increase income, while at the same time addressing its objectives. The fact that it has developed a new income-generating service that also addresses a need among its beneficiaries is an indication of the clear vision and sound practices of its management.

- **A continuous quest for improvement**—to deal with increasing forces of global competition and to protect the niche market in which the organization is operating.

Sources: This information was obtained in part from ECLAC/CDCC (1990:6) and Lagro (1990).
Impact
Marketing organizations had very limited (statistical) data on the impact of their activities. This was partly due to the fact that some achievements were particularly difficult to measure, especially in the area of international representation and market access. Information mainly reflected achievements of the organizations, such as international representation. ETC, for example, had improved visibility to some 100 small entrepreneurs per year by organizing international trade fairs. These fairs also generated yearly revenues of some $1.5 million in indirect benefits for the economy. CCGA has been able to ensure markets for its members, while TIDCO and the New Guyana Marketing Corporation represented small entrepreneurs at international markets. TIPS was only recently established and has thus not yet been able to make significant achievements.

Sustainability
Most marketing organizations received funds from governments or donors. With the exception of DHA and ETC, the organizations under review charged nominal or no fees for their services. The Bureau of Standards indicated that it provided its services free of charge as an incentive to small entrepreneurs to engage in quality improvement and the implementation of standards. Both JAMPRO and TIDCO charged only for a select number of services, such as training and certification. These organizations indicated that they had introduced modest fees for these services only after having encountered serious budgetary constraints. To some extent, organizations were able to cross-subsidize marketing services from revenues of trading activities, trade fairs and sales of packaging materials.

Lessons learned
• Support services could only be successful if they were based on the actual needs of entrepreneurs. TIDCO indicated that it had traditionally developed programmes on the basis of its own perception of needs and constraints among small entrepreneurs. However, it had now adopted a more customer-oriented approach, in which it would develop marketing activities on the basis of a needs identification process. In addition, it had shifted its emphasis from the provision of a programme of services to the facilitation of initiatives in the small enterprise sector.
• SEDOs realized that they could not rely on general solutions and a general approach. They recognized the need to customize and adapt services continuously to meet changing requirements in the market.
• Some marketing organizations gained insight into sensitive business information. Since there was often a confidentiality aspect to the business operations of their clientele, these organizations had to invest considerable
efforts in establishing a good working relationship and generating confidence.

• Those engaged in trading activities recognized the need for quality control to maintain compliance with international standards.

Areas of concern

• Since many small entrepreneurs engaged in similar activities, they mostly faced extensive competition when marketing their products. Marketing organizations thus recognized the need to assist these entrepreneurs in the identification of niche markets and the reduction of overlap in activities.

• Particularly in the area of marketing and international representation, organizations had to improve access and availability of modern information technologies to identify market opportunities, to market products and to pursue possibilities for increased networking.

• Some organizations pointed out that they had insufficient resources to fulfil their mandate. (It should be noted however that this might also imply that their mandate was too broad.)

• Since some small entrepreneurs had traditionally received marketing assistance free of charge, it became extremely difficult to introduce charges for these services. This pertained to government organizations in particular.

• An organization engaged in certification and quality issues indicated that it was at a disadvantage compared to its counterparts in more developed countries, since it was confronted with less educated entrepreneurs.

Future outlook

To increase its autonomy, the government of Jamaica considered transforming JAMPRO into an “executive agency”. This would allow the organization to become target-driven, to set its own targets and to allocate its own budget. The organization would thus be able to fulfil its mandate in a more flexible and swift manner. ETC considered expanding its scope by organizing various trade fairs targeted at specific subsectors and by accessing international distribution centres.

Advocacy and representation organizations

Organizations representing the interests of specific groups of small entrepreneurs were widely represented in the Caribbean. Those included in this study comprise chambers of commerce, manufacturers’ and exporters associations, small business and employers’ associations, women’s groups and other groups representing the interests of entrepreneurs in a specific business
sector. These organizations varied widely in terms of their historical background, objectives and membership characteristics.

While the Suriname Trade and Industry Association (STIA) and the Employers' Consultative Association of Trinidad and Tobago (ECA) have been operational since the 1960s, the Belize Business Bureau (BBB) and the South Designers Association of Trinidad and Tobago were only established in the mid-1990s. Their objectives included the provision of advocacy, representation, technical and financial support and other types of assistance to strengthen small entrepreneurs. Advocacy and representation organizations were mostly membership organizations, representing the interests of their members.

Support services

The services provided by these organizations varied according to their objectives and to the needs and characteristics of their membership. Despite a wide variety in the services provided, there were some common areas of assistance. These included the following:

- Advocacy and representation
- Networking
- Trade fairs
- Training and seminars
- Information and publications
- Sensitization
- Consultation and technical assistance
- Research
- Financial assistance.

Most organizations engaged in advocacy and representation by lobbying for the development of government policies and regulations to address the needs of their members. The Caribbean Women’s Association, for example, lobbied for the establishment of a regional representation desk at the CARICOM Secretariat. The Barbados Manufacturers’ Association (BMA) organized sessions in which members could participate in a forum with representatives from banks and other relevant institutions. Other achievements were made in the areas of improved access to infrastructure and common facilities, the formulation of a common position on taxation, minimal wages and pricing issues.

The Jamaica Exporters’ Association (JEA), BMA and the various chambers of commerce were involved in networking activities through the establishment of national product groups and guilds or the identification of joint venture
opportunities. Membership organizations also established links among entrepreneurs and relevant organizations at the national and international levels. This resulted in the identification of partnerships and investment opportunities. Finally, BBB established an outreach programme by including overseas entrepreneurs among its membership to represent members’ interests abroad, and facilitate trade missions and matchmaking sessions.

Most organizations offered training sessions and seminars on technical issues. The South Designers Association of Trinidad and Tobago was also engaged in motivational sessions to enhance the personal skills and attitudes of its members. Chambers of Commerce and other business associations engaged in sensitization activities towards the public and their members. Some organizations held sessions at secondary schools to inform youth of their activities and to sensitize them on the opportunities of entrepreneurship. BMA held a sensitization workshop on the impact of globalization and international trade on small businesses.

Some associations were instrumental in providing consultancy and technical assistance to their members, either from own resources or by bringing in external expertise. Assistance pertained to administrative and legal matters, product development, quality control, packaging and labelling, sales management and the investigation of complaints. The Trinidad and Tobago Bakers Association held specific sessions on technical skills, inputs, tools and equipment pertaining to the baking sector. JEA engaged in market research and to some extent in the identification of new business opportunities. It was also able to offer financial assistance as the result of the aid it had received in this area.

Services were identified and adjusted through consultations, in which associations identified needs and preferences of their members. Furthermore, entrepreneurs made numerous requests for additional assistance. Interestingly, advocacy and representation organizations did not examine the needs of the sector as a whole.

Institutional development

JEA and ECA reached the expansion stage. The former attributed its success to its focus on clientele, and felt that its membership should dictate the areas that the organization should move into. Through consultations and observation of membership participation, JEA was able to identify a need for a change in focus, which allowed it to adjust its services to better accommodate the needs of its members.

Due to a clear vision, both organizations were able to operate in a niche market, which they protected by continuously developing and upgrading their services, and by maintaining a good working relationship with potential
competitors. Part of the success of ECA can further be attributed to its efforts to strengthen its financial resource base through the identification of income-generating activities.

Most of the interest groups operated in the sustainability stage. They had developed a clear vision, identified the responsibilities of their boards and management, and generated the approach as well as the capacity to fulfil their mission. Furthermore, these organizations had been able to generate sufficient financial and other resources to cover their expenses, either through income-generating activities or fund raising. Finally, they had established networks, partnerships or memoranda of understanding with other organizations—such as government departments, international agencies, funding, training, marketing and trade agencies, regulatory bodies, banks and other private sector organizations and interest groups.

Many advocacy and representation organizations had been established as splinter groups, since they originated from organizations that did not represent their specific interests satisfactorily. Although the formation of splinter groups was effective in addressing the specific needs of some entrepreneurs, it resulted in an increased number of groups representing smaller numbers of members. Some organizations did indeed experience problems as a result of reduced membership, which weakened their negotiating power with governments and other organizations.

The South Designers Association, the Caribbean Women’s Association and Women in Development operated in the development stage. The first was only established in 1995, and was still looking for ways to further develop its strategy and methodology, while sourcing funds to make its plans operational. The Caribbean Women’s Association has been in existence for over 20 years, but has been operating with very limited resources. It paid insufficient attention to the identification and implementation of income-generating activities. Women in Development was suffering from mismanagement of funds in the past, which continued to have an impact on its credibility, despite changes in management that had taken place since that time. Apart from the financial depletion of the organization, the incident also had a negative impact on the commitment and motivation of its board members.

Outreach

Since advocacy and representation organizations generally only provided services to their members, the concepts of outreach and membership were closely related. While membership ranged from 15 members (South Designers Association) to 342 members (Bahamas Chamber of Commerce), most organizations averaged between 100 and 200 members. Changes in membership were not significant—with the exception of ECA, which had
increased its membership by 31 per cent in one year. Most organizations were satisfied with the size of their membership.

Impact
Like marketing agencies, advocacy and representation organizations had very limited information on the impact of their services. They also measured their impact in terms of achievements generally in the area of lobbying and representation. BMA, STIA and the Guyana Chamber of Commerce indicated that they had been able to make an input in government budgets, while STIA had even contributed to Suriname’s new constitution. Other lobbying efforts resulted in the development of regulations or bodies that addressed pressing needs of small entrepreneurs, particularly in the area of funding and taxation. JEA, BBB, the Guyana Women’s Affairs Bureau, the National Women’s Movement and several employers’ organizations had been able to attract financial and technical assistance from international organizations, bringing direct benefits to their members. Examples included a fund for investments in working capital as well as technical assistance from international organizations and from retired expatriate managers. Small entrepreneurs also benefited from increased (international) market exposure, assistance in product development, and the establishment of product groups. Finally, the Trinidad and Tobago Bakers Association was able to improve the status of its subsector, and contributed to a more positive attitude towards members’ activities.

It should be noted, however, that the external environment has affected the performance of SEDOs. The social partnership in Barbados has significantly facilitated networking and lobbying of the Barbados Manufacturers’ Association, while the political climate and financial instability in Guyana, Jamaica and Suriname have sometimes been impediments to effective representation of business interests.

Sustainability
For most membership organizations, annual fees were the main source of income. Since services provided by these organizations were often intangible and generally provided benefits to non-members as well, it was virtually impossible to charge members for them. As a result, the extent to which these organizations succeeded in searching for income-generating activities and niche markets has significantly determined their sustainability.

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9 Various donor countries have established programmes that attach retired expatriate managers to (enterprise) development organizations in developing countries at little cost to the recipient organizations. Examples include CESO-SACO in Toronto, Canada; International Executive Service Corps. (IESC) in Stanford, Connecticut, USA; British Executive Service Overseas (BESO) in London, Great Britain; and the Netherlands Management Cooperation Programme (NMCP) in The Hague, the Netherlands.
Organizations that had major achievements in this regard were JEA, ECA and BMA. These had successfully implemented a programme of income-generating activities and had generated significant resources from export documentation and facilitation, training and seminars, consulting and trade fairs. Other income-generating activities included flea markets, information services, luncheons and raffles.

Most organizations were confronted with a lack of financial resources. The Caribbean Women’s Association, for example, had received a considerable amount of donor support as a result of the Beijing World Conference on Women, which took place in 1995, yet it was unable to build its financial resource base to operate an extensive programme of activities. When seeking funding from international organizations, most associations encountered problems due to the high level of GDP in their countries. The Guyana Chamber of Commerce and BBB had secured technical assistance from donors to identify and develop marketing and management strategies.

A few organizations had persistently encountered significant financial problems in their operations. Due to the high commitment of some members, however, they were able to draw on financial and other internal resources to keep their organization in operation. Low levels of resources and achievements resulted in a lack of interest among most members. A few associations were kept operational only by their highly committed secretariat.

Lessons learned

• Interest groups recognized the importance of carefully monitoring members’ participation in meetings and other activities. These findings had to be interpreted as an indicator of the organization’s performance. If participation was low, organizations had to improve their programmes to better address the needs and increase the commitment of their members.

• Interest groups had to focus on gaining recognition by implementing programmes in a broad area of their mandate. They had to widen their perspective to increase visibility, but not at the cost of their mandate. Through collaboration, partnerships and alliances they could gain increased recognition and jointly explore funding opportunities.

• Members were generally very benefit-oriented and tended to participate only in activities that brought them direct (financial) gains. Interest groups had to learn how to turn this perceived disadvantage into an advantage. They should identify activities that fulfilled the needs of their members, and show them that these services would provide tangible benefits (preferably by making a financial calculation on the impact of the service). It was thus very important that their staff be able to market the organization and its services. In some instances it was even important to create a demand for the services the organizations provided.
The availability of up-to-date and extensive information and knowledge within the organization directly affected its recognition, among and even beyond its membership. Through the use of cost-effective information technology relevant information resources could effectively be gathered and disseminated among members.

In addition to technical skills, the development of interpersonal or “soft” skills such as staff management, time management, team work and client-customer relations appeared to be very important since these had a direct impact on small business operations.

Areas of concern

Interest groups encountered a number of constraints, mostly in the area of membership participation, recognition and (financial) resources. The following provides an overview of some areas of concern that have been identified by the organizations under review:

- Members were more interested in the profitability of their own businesses than in the well-being of the sector as a whole. Therefore they may not have been inclined to contribute to activities that addressed the wider needs of the sector. Interest groups should thus try to raise awareness of the importance of joint efforts to act with one voice for the pursuance of common interests through united representation. More successful members should be encouraged to lead the way by promoting united representation in the desirable route to take at all times.

- There was need for greater national and regional networking among interest groups. They should set aside short-term conflicts and focus on long-term benefits through co-operation and growth. Representatives from various organizations should establish networks and jointly address issues of common concern. This would strengthen the negotiating power of the sector as a whole.

- Organizations should diversify sources of income and become less dependent on individual activities.

- Some organizations encountered conflicts with members, who did not have a realistic view of the support services they provided, and thus expected too much support from them.

Future outlook

To enhance commitment and achievements among staff and volunteers, organizations would also explore possibilities to modernize reward systems, and to provide further training opportunities. Relevant training areas included leadership, financial management, project administration and data collection. Furthermore, a few organizations considered introducing technical assistance services, while one aimed at engaging in mediating services. Several
organizations would engage in an identification of core competencies, which would enable them to increase their focus and make better use of their strengths. Other challenges included the improvement of leadership at the organizational level and the identification of co-operation opportunities among splinter groups. Finally, a few organizations indicated the enhancement of their sustainability and improvement in data collection as major challenges for the future.

### Other organizations

This section gives an overview of three organizations that are not categorized under any of the previous classifications. These are the National Forum of Non-Governmental Organizations against Poverty and for Sustainable Development (Forum NGOs), the Small Business Development Company (SBDC) and the Barbados Investment and Development Corporation (BIDC).

**Support services**
- Counselling
- Mentoring
- Training
- Feasibility studies
- Marketing assistance
- Loan guarantees
- Venture capital
- Information
- Administrative support
- Entrepreneurship development
- Business awards.

In addition, institutional strengthening services were provided, including:
- Networking
- Co-ordination
- Assistance in strategic planning
- Wholesale funds for on-lending
- Training of trainers.

BIDC and Forum NGOs provided tailor-made services on the basis of individual requests and identified needs.
Institutional development

SBDC and BIDC provided counselling assistance and a combination of the services referred to in the previous sections. While SBDC provided its services through a programme of activities, BIDC addressed the needs of its clients on an individual basis. It removed constraints, which required a very flexible, tailor-made approach to small-enterprise development and thus did not allow for standardized programmes. SBDC provided piecemeal assistance to SEDOs in the Caribbean by helping them to develop and strengthen their organizations. Forum NGOs, on the other hand, operated as a platform for its member organizations, and was geared towards improved self-help, networking, collaboration and fine-tuning of activities. It assisted member organizations in issues such as the development of their internal structure, board operations, organizational planning, project formulation and the mobilization of their target group. Initially, this organization was established as a platform of member organizations, but as it expanded there was need for a more formal structure. Forum NGOs was thus transformed from a platform into an association. As a result, many members felt less committed and scarcely contributed to its operations. Although Forum NGOs continues to strive for increased self-help and participation among its members, its new structure does not encourage members to participate.

Outreach and impact

These organizations have done considerably well in terms of outreach. Forum NGOs has provided assistance to its 170 member organizations, while BIDC has assisted over 2,000 small entrepreneurs since its inception. Forum NGOs has been able to change attitudes among small entrepreneurs towards their business operations, and, as a result of its institutional strengthening efforts, small entrepreneurs regarded their income-generating activities in a more business-like manner. (See box 4 for information on SBDCs’ outreach and impact.)

Sustainability

SBDC and BIDC are semi-government and government organizations, respectively. Still, as they are statutory, they have a relatively high degree of autonomy. BIDC is fully funded by government and generally provides its services free of charge, unless the beneficiaries are able to bear the costs of the services themselves. As indicated in box 4, SBDC has secured some 40 per cent of its budget through income-generating activities and donor funding. It has also explored ways to further reduce its dependency on government allocations—by increased (international) training programmes, projects and consultancies, for example.
Best practices in small enterprise development: A Caribbean perspective

Box 4—Best practices: The Small Business Development Company (SBDC), Trinidad and Tobago

General information
Established in 1989 as a para-statal organization, SBDC is a one-stop shop, supplying comprehensive development services for micro, small and medium-sized businesses. First, it provides wholesale funds for on-lending to various funding agencies, and acts as a guarantor for small entrepreneurs who have developed a viable business plan, but who are unable to access formal financial services. Furthermore, SBDC provides a wide range of non-financial services to small entrepreneurs—including training, business advice, marketing support and information. Mentoring assistance is provided through the interface programme, which links (starting) entrepreneurs with experienced business mentors who provide hands-on counselling and guidance to strengthen business operations.

A few years ago, SBDC also took the responsibility for designing a programme aimed at the development of a more favourable attitude towards self-employment in the country. The company thus introduced the Small Business Week to highlight self-employment as a viable alternative to salaried employment. In addition, it introduced training programmes aimed at the initiation of youth and community projects.

Outreach and impact
In terms of outreach of its services, SBDC has been performing well. Each year, it provides information to some 12,000 small entrepreneurs, while about 560 persons apply for loan guarantees. Participation in the Small Business Week may even be as high as 20,000 persons per year. In 1998, approximately 1,900 entrepreneurs received assistance in the area of training and 50 in the area of mentoring. In general, men and women make equal use of the organization’s services, but among the applicants for loan guarantees males dominate—although women’s participation in the Small Business Week is considerably higher.

Since its inception, the company has enabled about 4,000 persons to gain access to funding at a total value of some $15 million. It further contributed to the enhancement of knowledge on technical skills, management techniques and other relevant information. In addition, it estimates that it contributed to the creation of about 8,000 jobs. Finally, the Best Business Awards Competition has enhanced the visibility and motivation of successful small entrepreneurs.

Efficiency and sustainability
SBDC closely monitors the time required to process an application for a guarantee—normally within 10 days. The waiting period for receiving the loan is generally about three days, but actual disbursement is made by the lending institution that will provide the loan upon approval.

At present the company obtains some 40 per cent of its budget from income-generating activities and donor funding, and it strives to improve its self-sufficiency. At present almost half of its budget is funded by the private sector. It also generally demands a limited contribution from its clientele and has managed to keep the default and recovery rates at 8 and 5 per cent, respectively. Finally, SBDC has expanded its scope beyond national borders: it has been contracted by various international institutions to provide assistance in training and project development.

Success factors
SBDC’s most important success factors are its capacity to “try new things all the time”, to adjust services to changed needs and circumstances, and to dispense with services that are not supportive to the organizations’ objectives.

Unresolved issues
The organization acknowledges the need for a follow-up programme to enhance the impact of its Small Business Week. Its partial approach to needs assessment is another area that needs improvement since it could improve its effectiveness in assisting its clientele through the implementation of a continuous needs assessment. And, finally, it is felt that a change in attitude towards better appreciation of self-employment is needed very urgently.

As an NGO, Forum NGOs depended almost totally on donor support. It indicated that the developmental nature of its services was an impediment to the introduction of income-generating activities. To some extent, it had already
been engaged in income-generating activities, for example, the provision of training to external organizations.

Lessons learned

- Some organizations provided a combination of related and mutually reinforcing services for the small enterprise sector that could complement each other and enhance their impact and possibly their sustainability. For example, even if training borrowers were not fully cost-effective, the effects of providing loans to better-educated people might pay off at a later stage.

- One organization indicated that it had benefited from donors’ requirements to analyse, adjust and improve its services regularly on the basis of needs assessments and evaluations. Although it was not initially in favour of these extra efforts, they had proven to be instrumental in its success.

- An organization engaged in entrepreneurship development pointed out the need for structural follow-up programmes to awareness-raising programmes if the latter were to have any impact on the development of the enterprise sector.

Areas of concern

- Forum NGOs stressed that donors had taken on a more business-oriented approach towards small enterprise development. As a result, NGOs were also expected to adopt a similar approach towards their own activities. This required a revised vision and a process of change within the NGOs themselves.

- Dependency on international donor assistance made SEDOs very sensitive to political influences and international relations. Through local networking and national fund raising, however, some of these adverse effects could be reduced.

- Since specialization among SEDOs was limited, there was much overlap of activities and programmes to support the small enterprise sector. As a result, competition among SEDOs was a common problem.

Future outlook

Surveys and assessments were identified as an important future activity—BIDC and SBDC indicated that they planned to engage in a census on the small enterprise sector and execute continuous needs assessments, respectively. Forum NGOs indicated that it would engage in strategic planning to identify its strengths and focus increasingly on activities pertaining to its core competencies. By marketing their expertise (for example, training, financial management, project development and implementation), Forum NGOs and SBDC planned to expand their target group and thus cross-subsidize development activities with other programmes. Finally, Forum NGOs
considered decentralizing its services by involving volunteers—thus bringing its services closer to the beneficiaries without expanding its organizational structure.

IV. CONCLUSIONS AND RECOMMENDATIONS

This section presents conclusions of the study by describing the performance of SEDOs in terms of outreach, impact and sustainability, and identifying the lessons learned, constraints and outlook for the future. Furthermore, it makes recommendations for continuing improvement of enterprise development services.

Conclusions

Despite the abundance of SEDOs in the Caribbean, the support system for small entrepreneurs still requires improvement. Recent studies (ILO, 1995b; 1999) reveal that these entrepreneurs still face numerous constraints, mostly in the areas of policy and regulations, co-ordination and support, finance, training and marketing, networking and infrastructure. To address these constraints, SEDOs should ensure that their services meet the needs of their target group. They should identify gaps and improve the delivery of their services through regular performance analyses, using performance indicators such as outreach, efficiency, impact and sustainability levels. SEDOs should also monitor their level of institutional development and search for creative solutions to facilitate further growth, consolidation and expansion of their organization.

Institutional development

The level of institutional development among SEDOs varies widely. Funding organizations have made impressive achievements in this area. Most have matured into the second or third stage of institutional development and have adapted their methodology to improve loan assessment, collection and repayment rates. Some SEDOs have undergone a transition to increase focus or restructure their organization. Institutional development of marketing organizations is satisfactory. They have developed a wide programme of operation while establishing an extensive network. Their problems relate largely to the generation of funds and the identification of a niche market.
Achievements of advocacy and representation organizations have generally been moderate, although a few have realized some particularly impressive feats. They have managed to operate in a niche market and have maintained their position by constantly developing and upgrading their services. Problems they encounter pertain largely to the existence of numerous splinter groups, to lack of resources and to mismanagement of funds. Training organizations' achievements have been limited—none has reached the final stage of institutional development. Most are confronted with limited resources and low commitment among trainees. However, a few have developed an in-depth training curriculum and built networks and national and international partnerships.

Outreach

Most organizations perform satisfactorily in terms of outreach, but training organizations generally owe their achievements to the compulsory nature of their courses, as part of a wider curriculum. While information on the numbers of persons served by funding organizations is not available, these institutions maintain data on numbers of loans distributed annually. Achievements in this area generally range from 200 to 800 loans per year. Since most advocacy and representation organizations exclusively provide services to their members, they refer to their membership, which generally ranges from 100 to 200 persons, as an indicator for outreach. Marketing organizations maintain no statistical data on the overall outreach of their services. Instead, they base information on estimates and studies of specific activities.

Impact

Statistical information on the impact of SEDOs on small enterprise development is generally not available. Instead, these organizations base their estimates on personal assessments and observations. Some acknowledge the importance of impact assessments, but point to cost as a limiting factor to the implementation of such studies. Organizations that obtain assistance from donors, on the other hand, are required to engage in repeated impact assessments and evaluations, which results in the availability of some data.

Most funding organizations maintain information on their financial performance. They have had an impressive impact on small enterprise development—particularly in the area of improved access to credit and employment creation. They have further contributed to professionalism—through training programmes—and enhanced economic and social participation. Advocacy and representation organizations have made most achievements in the area of lobbying. Examples include the introduction of regulations in the areas of funding and taxation for the small enterprise sector, contribution to government budgets and in one instance even to the new constitution. Other achievements include securing technical and financial donor assistance and the establishment of product groups.
Marketing organizations had an impact in the area of increased international visibility and improved market access. One generated indirect revenues in the local economy through its annual trade fairs. Despite their impressive achievements in terms of outreach, the impact of training institutions in terms of business start-up rates is negligible. Their achievements pertain largely to the enhancement of entrepreneurial attitudes and technical skills among trainees.

**Sustainability**

In the area of sustainability, funding agencies have made most substantial achievements. Their results can be attributed to the introduction of improved monitoring techniques (to achieve better loan repayment), access to concessional loans and the inclusion of non-financial services to generate additional income. However, a few still lack the capacity to adequately monitor loans or have limited capabilities in the area of loan appraisal. As a result, repayment rates are relatively poor. In one case, mismanagement of funds has had an insurmountable effect on the organization’s resources and credibility. Some organizations have limited access to funds for on-lending, which causes them to operate considerably below their maximum capacity.

Non-financial SEDOs are generally not self-sustaining. Training organizations are mostly government bodies that depend heavily on annual subventions. As a result, incentives for income generation are low and self-sustainability is very poor. In addition, small entrepreneurs are generally hesitant to pay for training programmes, unless these programmes are expected to generate short-term benefits. As a result, possibilities for cost recovery through generic training services are limited. Revenues are generally acquired from registration fees, while a few organizations also charge highly subsidized training fees. However, some organizations have been able to generate considerable revenues—particularly through the implementation of training programmes for external organizations, through the development of commercial business plans and information sheets, and through project management.

Since marketing organizations are mostly government agencies, incentives for income generation are generally limited. Some of these agencies have recently introduced small fees to recover part of the costs incurred in the delivery of services. Two non-government organizations obtained significant levels of income generation, mainly through trading services and the sale of packaging materials. Sustainability among advocacy and representation organizations varies. Although income generation among most organizations is limited to membership dues, a few have been able to generate significant revenues through the organization of seminars and trade fairs or the facilitation of exports.
Lessons learned

SEDOs have generated remarkable experiences in the delivery of support services to their target group. The following gives an overview of some common lessons of these organizations.

Complementary services
The introduction of related and mutually reinforcing services has generally been beneficial to the operations of SEDOs. The most common example of this is the combination of funding with hands-on training. In addition to the income-generating potential of training services, funding organizations also anticipate an increase in repayment rates because borrowers are better trained. Other examples of mutually reinforcing services include the combination of training with technical assistance, mentoring and incubator services, since incubator services may facilitate appropriate implementation of newly learned techniques. This appears to be crucial for the initiation of change at the enterprise level. Funding organizations acknowledge that, despite the high costs involved in field monitoring, it is a strong marketing tool that has the capacity to generate considerable indirect benefits to the organization. Consequently, these services do not necessarily have to be cost-effective since they may generate positive side effects.

Customer-oriented approach
Many organizations develop their support services on the basis of organizational perceptions, without inquiring about the actual needs of their target group. Even if SEDOs engage in needs analysis, this is either often limited to their clientele or takes place as a one-off activity, generally during the establishment of the organization. Despite this, most recognize the need for more customized services that will be regularly improved and adapted to their clientele’s changing needs. Furthermore, it is acknowledged that SEDOs should divide their clientele into several segments, and fine-tune their services to suit the specific needs of each segment.

The above-mentioned requires a more customer-oriented approach, in which evaluations take place on a continuous basis and support services are based on the actual and customized needs of entrepreneurs.

Benefit-generating services
SEDOs—and particularly training and advocacy and representation organizations—recognize the benefit-oriented approach displayed by their target group. Since small entrepreneurs tend to expect training to generate little or no short-term benefits to their businesses, they are often hesitant to pay for training services. Furthermore, many members of advocacy and representation organizations only participate in activities that would generate direct benefits to their businesses. To address these issues, SEDOs should identify services that have the capacity to generate short-term benefits to their clients. This will not
only enhance recognition and commitment among their clients, but also enable them to generate additional revenues for themselves, since small entrepreneurs are generally willing to pay for this type of service.

In addition to this, support organizations acknowledge that their staff should engage in marketing and promotion activities to inform their target group of the availability of their services and to emphasize their financial value. By pointing out expected revenues from these services, small business officers can encourage entrepreneurs to participate in specific programmes.

Small enterprise training
The importance of hands-on training for small entrepreneurs is widely recognized. Small enterprise training should be a balance of theory and practice, and should preferably be presented by persons with business experience. Furthermore, several training organizations emphasize the importance of “soft skills” in small enterprise development. Through its impact on entrepreneurial attitudes and behaviour, this type of training can make an important contribution to business performance and should thus play a more prominent role in small business training curricula. Examples include staff management, time management, teamwork, customer relations, negotiating, selling and persuading skills. Finally, it is noted that, while small entrepreneurs generally do not acknowledge the importance of management training to their business operations, these skills are very important for effective business operations.

Credibility
By developing partnerships, alliances and expertise, SEDOs can build their credibility among and even beyond their clientele. In addition to the development of expertise and a strong network, this will also involve the establishment of an extensive, up-to-date resource base and the development of adequate tools and techniques—such as modern information technologies—that can facilitate the collection and dissemination of relevant information in a cost-effective way.

Constraints identified by SEDOs
In addition to the earlier mentioned constraints of limited capabilities in loan appraisal and insufficient funds, SEDOs identify the following as constraints to their operations:

- Limited resources—This is an impediment to the development and maintenance of qualified human resources and has a negative impact on the delivery of adequate support services—both in quantitative and qualitative terms. Furthermore, some government organizations are also confronted with limited autonomy, which brings about bureaucratic practices and affects the flexibility and timeliness of service delivery.
• Oversaturation of market segments—When identifying a business sector to enter into, many starting entrepreneurs base their decision more on what they see around them than on actual market requirements. These entrepreneurs often copy successful business activities, particularly in areas that require little additional skills and investments, without engaging in further studies to identify the viability of the venture. As a result, some (traditional) business sectors are oversaturated, while others are characterized by low levels of competition. Furthermore, the absence of market studies and long-term forecasts is another impediment to the identification of viable market opportunities.

• Low negotiating power—Advocacy and representation organizations have discovered that small entrepreneurs are mostly concerned with issues pertaining to their own businesses, without focusing on the needs and concerns of the sector as a whole. As a result, participation in activities that address the wider needs of the sector is low. In addition to this, the existence of many splinter organizations, the wide range of interests and the lack of national and regional networking all affect the negotiating power of these organizations.

Other constraints
Besides the above-mentioned issues identified by support organizations themselves, SEDOs are also characterized by the following constraints:

• Lack of structural needs assessments—Few SEDOs engage in ongoing needs assessments. They often base the delivery of their services on their own perceptions of needs and on individual requests from their clientele. This does not adequately address the actual needs of their overall target group. If needs assessments take place, they do so as a one-off activity during the establishment of the organization. Also, SEDOs that engage in follow-up studies tend to focus on the needs of their clientele without including their wider target group in the assessment. As a result, information on the needs of their target group is limited to actual clients. Furthermore, these organizations do not generally engage in gender-specific needs assessments. As a result, they have insufficient information on the actual needs of specific segments in their target group, which further limits their capability to develop and adjust services to the changing requirements of individual entrepreneurs.

• Lack of statistical performance analyses—With the exception of funding organizations, SEDOs do not engage in structural statistical performance analyses. Instead, they tend to base their performance analysis on incidental studies and personal assessments. Furthermore, SEDOs’ analyses are seldom gender-specific and they do not therefore have an overview of their contribution to the facilitation of women entrepreneurship. As a result, SEDOs have insufficient information on their actual achievements, which
further reduces their ability to evaluate their services and adjust or improve them to continuously meet the changing requirements of their target group.

- Low impact of training organizations—Particularly in the area of business start-ups, the impact of training organizations has been very limited. While information on this is only partly available, the business start-up rate among clients of training institutions appears to be less than 3 per cent. These organizations’ achievements pertain largely to the development of an entrepreneurial attitude.

- Lack of income-generating activities—Related to the constraint of limited resources, already discussed above, is the fact that SEDOs often cannot identify services that generate income to their organization. First, small entrepreneurs are neither very willing nor, in some cases, able to pay for support services, which makes the identification of income-generating services very challenging. Furthermore, some organizations have not traditionally been required to generate revenues and as a result, their capability and incentives in this area are low. Finally, some SEDOs have not explored innovative opportunities in this regard.

Future outlook
The future outlook of SEDOs varies widely. A few have a gloomy future ahead of them. Since they encounter significant constraints with respect to financial and other resources, they will have to be downsized or even abolished.

- Depending on the availability of funds, training institutions focus on the development of mentoring programmes and small enterprise promotion materials, the establishment of incubators, the introduction of tracer systems and research on the small enterprise sector. Several will increasingly gear their training curricula towards the development of soft skills among small entrepreneurs. Finally, one is also considering establishing a training institute for small business counsellors.

- Funding organizations plan to identify opportunities for increased co-operation, partnerships and strategic alliances. They are also considering expanding and diversifying their services through the introduction of new financial portfolios and the identification of new sectors for future lending. One organization intends to fulfill donor requirements by allocating a fixed percentage of its funds to women, while assuring that at least half of its loan officers are female. Major opportunities of funding organizations include the expansion of training services, while their challenges pertain mostly to improving access to capital and combating competition from commercial banks.

- Marketing organizations will organize various trade fairs for specific subsectors, facilitate access to international distribution centres and engage in certification of products. Pending official approval, one government agency is considering a drastic transformation—becoming an "executive
agency”. This will enable it to set its own targets and allocate its budget autonomously.

- Various advocacy and representation organizations plan to engage in strategic planning activities. This will enable them to define core competencies and increase their focus. Other potential areas for future activities include technical assistance, training and mediating services. A few organizations are exploring possibilities to improve data collection, modernize reward systems and increase funding for the secretariat. Finally, they will focus on the identification of ways to increase co-operation among splinter groups and to enhance their sustainability.

Although most organizations have considerable plans for future activities, it should be noted that making these plans a reality may not always be possible, since many are confronted with insufficient autonomy or resources to actually implement their plans.

### Recommendations

#### Identification of needs

- **Customer-oriented approach**—SEDOs should base the delivery of support services on the actual needs of their target group. Through systematic needs assessments, they should identify the problems and requirements of small entrepreneurs. This requires a demand-driven approach, in which the continuously changing needs of small entrepreneurs are identified on an ongoing basis.

  In addition to support services themselves, the delivery of small enterprise development services should also be tailored to the needs of small entrepreneurs. It is recommended that needs assessments include information on the way in which support services should be presented to small entrepreneurs. This information should reveal preferences or requirements of entrepreneurs with respect to the date, time, location and the approach of the services provided.

- **Comprehensive assessment**—The identification of needs should not be limited to SEDO clientele, but should include their wider target group. Needs assessments should be very specific and should provide precise descriptions of problems in order to facilitate the development of targeted programmes.

- **Gender-specific assessment**—Women’s roles and responsibilities are different from those of men, and support to women entrepreneurs therefore requires a somewhat different approach. SEDOs should take this into account when designing support programmes and develop services specifically for the needs of women entrepreneurs.
• Recognition of services—Support services should generally be based on the needs of small entrepreneurs as identified by the entrepreneurs themselves. The importance of certain services—including management training and the development of soft skills—is generally not well acknowledged by these entrepreneurs. In these instances, SEDOs should base delivery on their own perceptions of needs and generate acceptance of these services among their target group. This could be done through informational meetings in which the potential benefits of these services are illustrated.

Institutional strengthening

SEDOs should focus on increased credibility by building their organization and networks. Important elements in this regard are the establishment of (international) alliances and partnerships, the generation of expertise and up-to-date knowledge and the development of a comprehensive database with recent market information. Finally, organizations should explore possibilities of electronic networking.

Delivery of services

• Training services—Experience has shown that hands-on training and the enhancement of soft skills—such as staff and time management, teamwork, customer relations, and the art of negotiation, selling and persuasion—generate most achievements among small entrepreneurs. Furthermore, provisions should be made for follow-up training to facilitate skills upgrading.

• Funding services—Financial agencies should seek additional funding through the mobilization of private sector funds and the introduction of voluntary savings facilities.

• Marketing services—SEDOs should make starting entrepreneurs aware of the high level of competition and failure in traditional business sectors and stimulate them to enter into more viable business activities. They should engage in market studies and long-term market forecasts and assist small entrepreneurs to identify viable and innovative business activities. Furthermore, they should emphasize the benefits of investing in new skills, and assist small entrepreneurs to enter into less competitive business ventures. Finally, they could also identify viable business opportunities for their clients.

• Advocacy and representation services
  – Board members should engage in management and communication training to encourage their organizations to become more dynamic and to better address the needs of the sector. Examples of training areas include strategic planning, communication, group dynamics and negotiating techniques.
Advocacy and representation organizations should identify innovative means of cooperation among splinter groups without compromising the identity and programmes of these groups. Through increased networking, they would be better able to lobby for issues of national interest.

Associations should promote sub Contracting arrangements and inter firm co operation for small entrepreneurs with governments and the private sector.

Evaluation

Evaluation should not take place as a one off activity. Instead, it should be carried out in a continuous manner, with successive cycles of monitoring, evaluation and updating activities.

- **Impact assessment**
  - When assessing their impact, SEDOs should use baseline data to facilitate comparison of the present situation with the situation before the intervention. To reduce costs, they could collect baseline data through self assessments on the part of beneficiaries.
  - Impact assessments should be gender specific, thus facilitating evaluation and fine tuning of strategies and programmes geared towards the needs of women entrepreneurs.

- **Improving impact**
  - SEDOs should try to increase their impact by providing mutually reinforcing services. A common example is the combination of financial and training services. This combination is expected to generate additional income to entrepreneurs through enhanced human resources and managerial skills.
  - Support services should be continuously updated and adapted to the changing needs of small entrepreneurs. Furthermore, these services should be fine tuned to specific segments within the target group.
  - Training organizations in particular should examine their limited impact in the area of business start ups, and identify the factors that contribute to these poor results. Furthermore, it might be advisable for these organizations to modify their objectives in order to set more realistic targets and possibly shift their focus towards the development of an entrepreneurial attitude.
  - By specializing in core areas of expertise, support organizations could develop specific skills and differentiate their services from those of other organizations, while addressing explicit constraints of small entrepreneurs. This reduces competition among SEDOs and may also increase their impact.
Sustainability

- Support organizations should identify services that generate short-term benefits to their target group. In the first place, this will increase the recognition of the organization. Furthermore, it is likely to enhance sustainability since small entrepreneurs are generally willing to pay for services that generate direct benefits to their businesses.

- To increase their sustainability, SEDOs should implement income-generating activities and apply revenues from these services to cross-subsidize less cost-effective services that are often more developmental in nature. In this context, organizations should explore innovative ways to generate additional income to the organization—e.g. through the provision of services to external organizations or through special projects.

- SEDOs should promote and market their services by emphasizing their capacity to generate additional income for small entrepreneurs.

- Through the introduction of cost-recovery mechanisms, SEDOs could reduce their operational costs and improve their sustainability. One example includes the introduction of participatory techniques and profit-based rewards in organizational planning. This method enables branches to formulate their plans and take responsibility for their budget, while linking staff salaries to branch profits. Financial and other incentives can further assist SEDOs to enhance their productivity and sustainability.

- Support organizations could consider the introduction of cost-effective communication and information technologies to reduce costs and increase outreach.

Gender issues

- SEDOs should assure that their staff is aware of gender issues in small enterprise development and that their attitude and approach are supportive towards women entrepreneurs. These organizations could introduce training programmes to increase gender awareness among their staff.

- A very effective way to increase attention to gender issues among staff is by recruiting more women. This will generally have a positive impact on gender awareness in the organization. To stress the importance of gender issues in small enterprise development, SEDOs should also maintain and disseminate information on women entrepreneurs. Finally, they should develop special strategies to adequately address the needs of women entrepreneurs in their target group.
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Bahamas
- Bahamas Agricultural and Industrial Corporation (BAIC)
- Bahamas Chamber of Commerce
- Bahamas Development Bank
- Bahamas Technical and Vocational Institute (BTVI)—Entrepreneurial Center
- Bureau of Women’s Affairs
- Centre for Entrepreneurship
- National Workers Co-operative Credit Union Ltd.
- Youth Enterprise Programme—Ministry of Youth and Culture

Barbados
- Barbados Community College
- Barbados Institute of Management and Productivity (BIMAP)
- Barbados Investment and Development Corporation (BIDC)
- Barbados Manufacturers’ Association (BMA)
- Samuel Jackman Prescod Polytechnic
- Women in Development (WID)

Belize
- Belize Business Bureau (BBB)
- Belize Enterprise for Sustained Technology (BEST)
- Belize Institute of Management (BIM)
- Center for Employment Training (CET)
- Development Finance Corporation (DFC)
- Holy Redeemer Credit Union
- National Development Foundation of Belize (NDF-B)
- Small Farmers and Business Bank Ltd. (SFBB)
- Trade and Investment Promotion Service (TIPS)
- Women’s Department

Dominica
- Dominica Hucksters’ Association (DHA)

Guyana
• The Bank of Nova Scotia—Scotia Enterprise Centre
• The Georgetown Chamber of Commerce and Industry
• Guyana National Bureau of Standards
• Institute of Private Enterprise Development (IPED)
• New Guyana Marketing Corporation
• Small Business Credit Initiative Inc. (SBCI)
• Women’s Affairs Bureau

Jamaica
• Jamaica Employers’ Federation (JEF)
• Jamaica Exporters’ Association (JEA)
• Jamaica Promotions Corporation (JAMPRO)
• National Development Foundation of Jamaica (NDF-J)
• Small Business Association of Jamaica (SBA-J)
• Social Development Commission (SDC)
• University of Technology (U/Tech), Jamaica—Entrepreneurial Centre

Suriname
• National Forum of Non-Governmental Organizations against Poverty and for Sustainable Development (Forum NGOs)
• National Women’s Movement (NVB)
• Suriname Trade and Industry Association (STIA)

Trinidad and Tobago
• Agricultural Development Bank of Trinidad and Tobago (ADB)
• Caribbean Women’s Association (CARIWA)
• Cooperative Citrus Growers’ Association of Trinidad and Tobago Ltd. (CCGA)
• Ecumenical Church Loan Fund Committee of the Christian Council of Trinidad and Tobago (ECLOF)
• Employers’ Consultative Association of Trinidad and Tobago (ECA)
• Small Business Development Company Ltd. (SBDC)
• Small Enterprising Business Association (SEBA)
• South Designers Association of Trinidad and Tobago
• Tourism and Industrial Development Company of Trinidad and Tobago Ltd. (TIDCO)
• Trinidad and Tobago Bakers Association
• Trinidad and Tobago Development Foundation Ltd. (FundAid)
• Trinidad and Tobago Export Trading Company Ltd. (ETC)
Annex 2—Organizations included in the study (by category)

TRAINING

**ORGANIZATIONS WHOSE MAJOR SERVICE IS TRAINING**

Bahamas
- Bahamas Technical and Vocational Institute (BTVI)
- Entrepreneurial Center
- Centre for Entrepreneurship
- Youth Enterprise Programme—Ministry of Youth and Culture

Barbados
- Barbados Community College
- Barbados Institute of Management and Productivity (BIMAP)
- Samuel Jackman Prescod Polytechnic

Belize
- Belize Institute of Management (BIM)
- Center for Employment Training (CET)

Jamaica
- University of Technology, Jamaica Entrepreneurial Centre (U/Tech)

**ORGANIZATIONS THAT PROVIDE TRAINING AS A SECONDARY SERVICE**

Bahamas
- Bahamas Agricultural and Industrial Corporation (BAIC)
- Bahamas Chamber of Commerce
- Bureau of Women’s Affairs

Barbados
- Barbados Investment and Development Corporation (BIDC)

Belize
- Belize Enterprise for Sustained Technology (BEST)
• National Development Foundation of Belize (NDF-B)

Guyana
• The Georgetown Chamber of Commerce and Industry
• Institute of Private Enterprise Development (IPED)
• Women’s Affairs Bureau

Jamaica
• Jamaica Employers’ Federation (JEF)
• National Development Foundation of Jamaica (NDF-J)

Suriname
• National Women’s Movement (NVB)
• Suriname Trade and Industry Association (STIA)

Trinidad and Tobago
• Caribbean Women’s Association (CARIWA)
• Employers’ Consultative Association of Trinidad and Tobago (ECA)
• Small Business Development Company Ltd. (SBDC)
• Tourism and Industrial Development Company (TIDCO)
• Trinidad and Tobago Development Foundation (FundAid)

FUNDING

ORGANIZATIONS WHOSE MAJOR SERVICE IS FUNDING

Bahamas
• National Workers Co-operative Credit Union Ltd.
• Bahamas Development Bank

Belize
• Belize Enterprise for Sustained Technology (BEST)
• Development Finance Corporation (DFC)
• Holy Redeemer Credit Union
• National Development Foundation of Belize (NDF-B)
• Small Farmers and Business Bank Ltd. (SFBB)

Guyana
• The Bank of Nova Scotia—Scotia Enterprise Centre
• Institute of Private Enterprise Development (IPED)
• Small Business Credit Initiative Inc. (SBCI)

Jamaica
• National Development Foundation of Jamaica (NDF-J)
• Social Development Commission (SDC)

Trinidad and Tobago
• Agricultural Development Bank of Trinidad and Tobago (ADB)
• Ecumenical Church Loan Fund Committee of the Christian Council of Trinidad and Tobago (ECLOF)
• Trinidad and Tobago Development Foundation (FundAid)

ORGANIZATIONS THAT PROVIDE FUNDING AS A SECONDARY SERVICE

Bahamas
• Bahamas Agricultural and Industrial Corporation (BAIC)

Dominica
• Dominica Hucksters’ Association (DHA)

Trinidad and Tobago
• Small Business Development Company Ltd. (SBDC)

MARKETING

ORGANIZATIONS WHOSE MAJOR SERVICE IS MARKETING ASSISTANCE

Bahamas
• Bahamas Agricultural and Industrial Corporation (BAIC)

Belize
• Trade and Investment Promotion Service (TIPS)

Dominica
• Dominica Hucksters’ Association (DHA)

Guyana
• New Guyana Marketing Corporation
• Guyana National Bureau of Standards

Jamaica
• Jamaica Promotions Corporation (JAMPRO)

Trinidad and Tobago
• Co-operative Citrus Growers’ Association of Trinidad and Tobago Ltd. (CCGA)
• Tourism and Industrial Development Company (TIDCO)
• Trinidad and Tobago Export Trading Company Ltd. (ETC)

ORGANIZATIONS THAT PROVIDE MARKETING ASSISTANCE AS A SECONDARY SERVICE

Bahamas
• Youth Enterprise Programme—Ministry of Youth and Culture

Barbados
• Barbados Investment and Development Corporation (BIDC)
• Barbados Manufacturers’ Association (BMA)

Belize
• Belize Business Bureau (BBB)
• Belize Enterprise for Sustained Technology (BEST)

Jamaica
• Jamaica Exporters’ Association (JEA)

Trinidad and Tobago
• Small Business Development Company Ltd. (SBDC)
• South Designers Association of Trinidad and Tobago
• Trinidad and Tobago Bakers Association

ADVOCACY AND REPRESENTATION

ORGANIZATIONS WHOSE MAJOR SERVICE IS ADVOCACY AND REPRESENTATION

Bahamas
• Bahamas Chamber of Commerce
Best practices in small enterprise development: A Caribbean perspective

• Bureau of Women’s Affairs

Barbados
• Barbados Manufacturers’ Association (BMA)
• Women in Development (WID)

Belize
• Belize Business Bureau (BBB)
• Women’s Department

Guyana
• The Georgetown Chamber of Commerce and Industry
• Women’s Affairs Bureau

Jamaica
• Jamaica Employers’ Federation (JEF)
• Jamaica Exporters’ Association (JEA)
• Small Business Association of Jamaica (SBA-J)

Suriname
• National Women’s Movement (NVB)
• Suriname Trade and Industry Association (STIA)

Trinidad and Tobago
• Caribbean Women’s Association (CARIWA)
• Employers’ Consultative Association of Trinidad and Tobago (ECA)
• Small Enterprising Business Association (SEBA)
• South Designers Association of Trinidad and Tobago
• Trinidad and Tobago Bakers Association

ORGANIZATIONS THAT PROVIDE ADVOCACY AND REPRESENTATION AS A SECONDARY SERVICE

Dominica
• Dominica Hucksters’ Association (DHA)

Trinidad and Tobago
• Small Business Development Company Ltd. (SBDC)
OTHER ORGANIZATIONS

Barbados
• Barbados Investment and Development Corporation (BIDC)

Suriname
• National Forum of Non-Governmental Organizations against Poverty and for Sustainable Development (Forum NGOs)

Trinidad and Tobago
• Small Business Development Company Ltd. (SBDC)
<table>
<thead>
<tr>
<th>Training</th>
<th>Funding</th>
<th>Marketing</th>
<th>Advocacy and representation</th>
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<tbody>
<tr>
<td>0 organizations</td>
<td>4 organizations</td>
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<td>2 organizations</td>
</tr>
<tr>
<td>8 organizations</td>
<td>9 organizations</td>
<td>7 organizations</td>
<td>13 organizations</td>
</tr>
<tr>
<td>1 organization</td>
<td>2 organizations</td>
<td>1 organization</td>
<td>3 organizations</td>
</tr>
<tr>
<td>Outreach</td>
<td>Very impressive for obligatory courses</td>
<td>Generally between 250 and 550 entrepreneurs</td>
<td>Generally between 100 and 200 members</td>
</tr>
<tr>
<td>Limited for voluntary courses</td>
<td>Generallly between 200 to 800 loans per year</td>
<td>Limited data available</td>
<td>Maximum of 342 members</td>
</tr>
<tr>
<td>Impact and achievements</td>
<td>More entrepreneurial attitudes Different technical skills</td>
<td>Better access to credit Employement creation—1.5 to 2.2 jobs per loan Increased professionalism and economic participation</td>
<td>Better market access Improved visibility and international exposure</td>
</tr>
<tr>
<td>Sustainability</td>
<td>No self-sustainability</td>
<td>Satisfactory achievements in self-sustainability Income generation from trading, financial management</td>
<td>Limited self-sustainability Income generation from fees, seminars, trade fairs</td>
</tr>
<tr>
<td>Lessons</td>
<td>Focus on soft skills and entrepreneur’s attitude</td>
<td>Combine funding with training services Adequate repayment rates require intensive monitoring Categorize clients and address needs by segment</td>
<td>Adopt a customer-oriented approach Facilitate private initiatives Adapt and customize services to changing needs</td>
</tr>
<tr>
<td>Concerns</td>
<td>Limited impact at the enterprise level</td>
<td>Loan demand outweighed supply Limited capacity in loan appraisal and monitoring Absence of long-term market forecasts</td>
<td>Limited resources Lack of information technology Imitation of activities among entrepreneurs</td>
</tr>
<tr>
<td>Future (plans and ideas)</td>
<td>Establishment of mentoring programmes Establishment of incubators Introduction of tracer studies</td>
<td>New financial portfolios Expansion of training services Identify possibilities for partnerships and alliances</td>
<td>Identification of core competencies Expansion of training services Identification of possibilities of modernized reward systems</td>
</tr>
</tbody>
</table>