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**World Vision Relief & Development, Inc.**

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**MENDEFERA BUSINESS  
DEVELOPMENT  
PILOT PROJECT REPORT  
ON LESSONS LEARNED**  
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## **I. Overview**

The Mendefera Business Development Pilot Project is a one-year program which targets demobilised female ex-fighters and civilian female heads of households who want to start a business and cannot acquire credit from commercial means or for those who have started a business and want to expand. These women are faced with multiple problems such as lack of land/housing, skills (business) and capital. The aim of the pilot project is to try to address these problems through its two components: training on micro-enterprise development and provision of micro-credit. The project has a budget of USD 24,900 which was provided by USAID/ Eritrea as a grant over a period of one year.

This small-scale credit scheme was started in September 1995 and is progressing as scheduled. Although there are several credit schemes in the country, this project is the first of its kind as far as giving training on micro-enterprise development is concerned. Another thing which makes this project unique is that incentives were not given to participants for attending the training, which is not common in Eritrea. So far, two training sessions have been completed and out of 50 women who initially registered in the two sessions, 41 have successfully completed the courses, supporting the thesis that the participants' interest, rather than a per diem incentive, has inspired them to attend the training.

### *Objectives of the project:*

- 120 women will be trained, 20 during each of six two-month sessions, over a one-year period.
- An ongoing voluntary business association will be established.
- 120 women will demonstrate that they have learned certain skills from the project training by successful preparation of business plans.
- Up to 46 loans of a 2000 birr maximum each will be available for women who have come up with a viable business plan.
- 96% of the credit repayment will be expected within one year of the date of issue.

## **II. Activities:**

### **A. Formation of a Project Supervisory Committee**

A Project Supervisory Committee (PSC) comprised of members of the National Union of Eritrean Women (NUEW) Seraye Province, World Vision, Mitias, the Mendefera town administration and enCORPS was formed. It was agreed that the head of the NUEW Seraye Province be the chairperson and World Vision serve as the deputy chair. The committee is responsible for selection of participants, approval of loans, monitoring of credit/savings group activities, giving advice on project policy, reviewing project activities and planning future activities. The Project Supervisory Committee has regular monthly meetings. Up to now, the Project Supervisory Committee has held three meetings: one for the selection of a project manager, and two regular monthly meetings. The World Vision Program Co-ordinator meets with the head of NUEW Seraye Province at least weekly and discusses the progress of the project.

## **B. Orientation Workshop**

A Project Manager/Credit Co-ordinator was recruited by the Project Supervisory Committee. An orientation on the objectives of the project, its activities and the role of the PSC was then given to the Project Supervisory Committee and the Project Manager by the World Vision Program Co-ordinator. In addition, the Project Manager was given training/orientation on project financial management both in Asmara and Mendefera by the World Vision project accountant. The project accountant, in turn, has given an explanation to the head of the NUEW Seraye province regarding the financial management norms of World Vision.

## **C. Micro-enterprise Training**

The project has an eight-week training session for all participants, covering a series of topics related to micro-enterprise development and savings/credit management. The micro-enterprise training includes sessions on starting a small business, an overview of small businesses in Eritrea, strengths and weaknesses of small businesses, managing small firms, legal and government controls, as well as the importance of group formation. The training is being conducted by a part-time trainer. The methodology of the training was a participatory approach, including the formation of syndicate groups (to deal with problem solving process and case studies). Handouts were prepared and distributed. Curriculum was developed for the eight-week sessions. Guest speakers from the Mendefera branch of the Commercial Bank of Eritrea and from the Municipality were invited to give the participants some insight into their respective organisations. This program also improved the awareness of the institutions about the problems, consequently increasing their commitment to back up the beneficiaries. Some business people from Asmara and Mendefera were also invited to share their experiences. Two training sessions have been completed and 41 participants have successfully completed the training.

A small budget was allocated for those participants who came from the surrounding villages and who needed some financial assistance for transport, food and accommodation. So far no one has asked for a per diem. The fact that incentives were not given to participants for attending the training is notable in that it goes against the norm in Eritrea. Despite comments from many people that the project would not get any participants for the training session, it was decided to test this approach. It was soon discovered that the number of women who wanted to attend the training was five times what was possible to accept in one session. The participants were very interested in acquiring knowledge and were not discouraged by the lack of temporary incentives. A statement made by a demobilised ex-fighter participant of the first session sums it all up: "the training has helped me to explore other opportunities of life, because when I was demobilised, I lost hope and thought that the only option I had was begging. But now, I have plans to lead my life anew and I will start business." Some of the participants also confirmed that they did not expect any incentive. They were very happy to have the training for free.

## **D. Group formation**

One of the topics covered in the training is the importance of forming small credit/savings groups. The importance of a group is that it serves as collateral for securing loans, assists in the sharing of information and encourages saving. Three groups have been formed from the first session and two groups from the second. To date, four women from the first group have prepared a business plan and submitted an application for a loan.

## **E. Provision of Loan**

The criteria set for securing loans are the following:

1. Completion of the micro-enterprise training
2. Development of a business plan
3. Membership in a credit/savings group
4. Formal application for loan

A business plan form and loan application forms were prepared by World Vision to be filled out by participants. These forms have been explained to the participants during the training period. In addition, individual advice is given to those who have problems in filling out the forms, especially the business plan.

The loan approval process is carried out by the Project Supervisory Committee. The Committee reviews all the necessary documents, ascertains whether the prerequisites have been fulfilled and then gives its approval.

## **F. Training of Trainers Workshop**

To facilitate the ongoing implementation of the training activities, a five day Training of Trainers workshop was conducted from December 25-31, 1995 in order to train a core group of trainers who will be able to facilitate micro-enterprise development training programs. 16 people coming from different governmental and non-governmental organisations attended the workshop. The workshop was facilitated by a consultant, and the outcome was considered a success with ten of the participants demonstrating sufficient skills and experience to lead further training.

## **III. Accomplishments**

### **1. Micro-enterprise training**

The objective of the project is to train 20 women in each session. Two sessions of training have been successfully completed. Out of the 50 women initially registered for the two sessions, 41 women have completed the training. This is one woman in excess of the expected outcome. The training is progressing as scheduled and at this pace the targeted 120 women will be trained during the project period.

### **2. Establishment of Business Association**

During the training sessions, the advantages of a establishing a business association was discussed. The participants who planned to start businesses expressed their interest to form such an association. In preparation for the establishment of a business association, it has been agreed that the participants of the first two training sessions meet monthly at the NUEW. The aim of the business association is to enable members to share their experiences and assist one another in developing their aspirations. Also, the advantage of coming up as an association to seek for technical and financial assistance is noted. In short, the association would enable them to speak about their rights and to solve their problems as a group rather than individually. Participants from the first session have already met once. The plan is to arrange meetings for the two groups at the same time, and include the upcoming groups as they finish their training.

### **3. Preparation of Business Plans**

Although some of the women had difficulty in filling out the business plan forms, many of them have expressed that they have gained a lot from the training. Four women who were ready to start or expand businesses have filled out the business plan with the advice/help given by World Vision. Eleven other women who were not ready to start businesses have filled out the business plan to show that they have learned the skill.

### **4. Provision of Loan**

Three women who have satisfied the requirements, have taken loans of 2000 birr each. Their businesses include expanding a shop, expanding a restaurant, opening up a pharmacy. Another woman who wants to start a new shop in Kudefelasi (a village some four kms away) has also submitted the business plan and application for loan. In addition, another 11 women are in the process of submitting business plans targeting retail shops, laundry, chicken and eggs trade and tailoring.

## **IV. Constraints**

The main problem affecting the progress of the project is that many of the participants want land and/or a house to start their business venture. However, since the land proclamation is not implemented yet and the Mendefera master plan is not yet finalised, they may not be able to get land soon. Many of them, therefore, will not start their businesses until they get land.

Another constraint that was not envisaged is that upon completion of training, some of the participants have moved to other areas of the country due to health or family problems. Hence, it will not be advisable to give them credit even if they plan to start their business in the place where they have moved to, because it would be difficult to monitor the use of the credit.

It took some time for the women to form a working credit/savings group because they needed more time to get to know each other. This in turn will create a delay in the time for the provision of loans and subsequently on the number of loans provided.

Some of the women come with their children to class. This sometimes proves to be a distraction to participants.

Finally, another minor problem is that a number of the women experienced difficulty in preparing the business plan, despite the training they received. They are looking for a very simple format.

## **V. Lessons Learned and Solutions**

- A vital lesson learned from the early stages of the project is that people will indeed attend training, not because there are financial incentives, but because of a desire to gain knowledge and acquire skills. Two participants from the first session were coming from a village some four kms away, and they were the first ones to come to class. Some participants had to come to class with their children. Neither distance nor child care responsibilities hinder the women from attending the training.

- The training has exposed participants to different business ideas and helped them identify which type of business they would like to start. The discussion generated from the training helped stimulate a number of business ideas such as opening a pharmacy, starting a new shop, expanding a shop, expanding a restaurant, sheep and goat rearing, dairy farming and vegetable gardening. This differed markedly from the ideas first suggested by the women such as setting up tea shops and petty trade. However, upon completion of the training, many of them could not start business immediately, because of some constraints such as lack of land or housing.
- The training needed to spend more time on specific topics, for example the preparation of a business plan. Also time taken to organise groups was longer than expected, which has slowed the disbursement of loans. While it is not desirable to rush this process, lest poor loans be made, alternative options such as holding simultaneous training is being considered.
- NUEW has agreed to write a letter of support to the Municipality for those who need land to start their business.
- The training is being revised to include more attention to the preparation of a business plan and to the process of group formation.