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**Burkina Faso
Microenterprise
Sector Assessment
and Strategy**

Strategic Options for USAID

GEMINI

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Strategic Options for USAID

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STRATEGIC OPTIONS FOR USAID

The USAID program in Burkina Faso has had limited resources because of difficulties in the relationship between the U.S. government and the GOBF. USAID support for the private sector and small-enterprise development must fit within this budgetary constraint, requiring the Mission to maximize the interventions to which it is already committed. The strategic options proposed below are listed by the amount of resources required to implement them, going from minimum additional investment to more substantial investment.

The Mission has developed good working relations with the GOBF and is ahead of schedule in obligating its available resources. This close collaboration and good understanding open the way for the Mission to play a positive role in implementing many of the more complex options listed below — options that are compatible with and support the Burkinabé structural adjustment program. This proven collaboration also ensures that all of the suggested options are politically feasible for the Mission and depend only on resource levels.

1. Continue with the current low level of MSE program involvement focused on support to the CCIA for training.

The current level of planned assistance is limited to training for the CCIA. This training should be carefully developed to ensure that the CCIE adopts an innovative training program designed to force the participants to interact with their markets and including elements to make the training a dynamic process rather than a static one. The CCIA should include the Association of Women Entrepreneurs in training preparation.

2. Actively integrate MSE analysis into existing and upcoming projects.

MSEs are everywhere and can play an active role in supporting A.I.D.-driven initiatives, as long as A.I.D. makes the effort to include them. The findings from the study show that government policies and interventions have ignored the existence of thousands of small enterprises that could have greatly benefited from donor projects, either as suppliers of equipment or distributors. OAR/Burkina currently focuses on agricultural development, health, and population. Traditionally, OAR/Burkina projects take little consideration of the role local small enterprises could play in producing or distributing goods from the projects.

The proposed Natural Resources Management (NRM) Project for Burkina offers a significant opportunity to integrate MSE development activities into natural resource utilization and conservation efforts. The analysis of the cosmetic products subsector points out several areas of intervention that could be effectively addressed under such a project. For this important opportunity to be realized, it is critical that, in future design teams, expertise in microenterprise and agricultural marketing be included.

Policy reform should be addressed at the national level through dialogue with the government to reshape the role of the CSPPA and liberalize the karité market to encourage exports. At the same time, however, a closer look at the actual exporters themselves (the licensed dealers) may reveal one or two merchants that could play a constructive role in the liberalization process. These merchants could

encourage technical innovation that improves product quality but does not take production and benefits out of the hands of women who currently depend on this market. The study team met with one such merchant in Bobo Dioulassou (the head of TROPEX); he would be an excellent contact point for such an effort.

At the local level there are also many opportunities for the NRM project to contribute to microenterprise development. Government extension agents from Action Social and a few NGOs are working with women's groups, making small interventions in their karité butter enterprises. None of these actors appears to have any understanding or appreciation of business needs or opportunities and consequently quite a few of the projects look more like welfare-type projects rather than viable ways to set up sustainable enterprises based on karité. The NRM project should work with local women's groups who are involved in, or would like to become involved in, the karité market. The project would be most effective by training these women not only in better transformation techniques (drying and storing nuts, using presses, and so on) but also in a variety of enterprise-related skills to help them identify their markets, better understand their costs, and evaluate different options for obtaining supplies and marketing. These skills are essential to substantial economic development based on karité; technical improvements alone are not enough. The project may want to start out with women's groups who have already received some sort of training from other organizations. CESAO in Bobo Dioulassou would be a good organization to work with in this area.

The project should also work with men to include them in other facets of the project that emphasize the value of the karité tree and other, more male-dominated activities, to diminish the possibility of men attempting to take over karité production (or more specifically the primary marketing) from the women. Although most women interviewed stated that men would not enter into the karité market, it is important to be aware that men generally have traditional tenure over karité trees in their fields and so have a say in the process.

In health and population, USAID should try to involve microentrepreneurs, particularly small traders, in the dissemination of information and materials (such as condoms) for family planning. Entrepreneurs have been successfully incorporated into such programs in other countries. They represent, in subsector terms, a system node, because, though few in number, they deal with hundreds or thousands of households each in their daily business. Using them can reduce the per-family cost of providing basic information and resources, while increasing the coverage of the programs. Due to gender sensitivities, it would probably be best to use female traders for information targeted at women, and male traders for condoms and other materials targeted at men.

3. Develop a role to promote coordination among the donors.

One step beyond simply recognizing the importance of MSE activities within USAID's projects is being aware of what is going on in the environment as a whole. The lack of donor coordination is evident by the myriad of proposed activities being designed, many of which will compete directly with existing, often successful, projects for the same clientele. The donors have a role to play in policing one another to ensure that their individual projects fit together to make a complete picture. One of the principal outcomes would be to increase donor awareness of how including MSEs could be helpful in promoting their agendas.

Organizing coordination among the donors is much more than holding periodic meetings. It requires someone devoted to the task, preferably a full-time personal services contract employee. Such a person will need to collect the information, circulate among the different donors, talk with the NGOs, prepare position papers that summarize state-of-the-art findings from outside of Burkina Faso, disseminate information, and organize the meetings with specific issues for each agenda.

The information generated by this activity could and should be shared with the GOBF, because there is a serious lack of coordination within their ministries as well as among the donors.

4. Assist GOBF to understand and manage the policy reform process related to MSE.

Numerous policy and organizational issues within the GOBF need to be carefully analyzed and addressed. The Direction de l'Artisanat is charged with this role for the CIPPA, but it is limited in its activities by its position within the Ministère de Promotion Economique. The information being developed and disseminated by the DA still needs additional outside support to catch the ear of the decision makers. While the FAC and CCCE are addressing the support to enterprises within the CCIA, the CCIA has no structured method for addressing the policy and regulatory issues; this should be one of its major roles.

There is a definite need for a proactive group to identify and analyze key issues as they apply to MSEs, to determine their positive and negative effects. At the same time there is a need to organize and stimulate the private entrepreneurs who live this reality everyday, yet are not structured nor empowered to carry on the debate.

USAID could recruit and support such a team. It would include a macroeconomist, a trade association specialist, and a microeconomist. They would work within an agency, possibly the CCIA, to carry out the analysis and link into the private sector. They would link to the donors to facilitate the role of donor coordination (developed above) and play the role of secretary to the donor's coordinating group. In addition, they would have resources to work with private trade associations and nascent lobbying groups to get them off the ground and targeted in the right direction (which each individual group would determine on its own).

5. Provide a structure to organize direct subsector-based interventions.

This final option takes the previous option a step further. There is definitely a need for options 3 and 4, but there are many things that cannot be implemented simply by policy reform and better donor or government coordination. The background subsector analyses carried out in preparing this strategy highlight numerous leveraged interventions that could be developed to dynamize the individual subsectors but that require more substantial investment.

Such interventions would require consistent and competent analysis as their first step, which would be supported by sufficient resources to address a range of problems in a timely and flexible way. The new resources would encourage new linkage between existing resources and entrepreneurs. They should also be targeted for investment into longer-term research and development, through private technology firms or through work with mainstream entrepreneurs to resolve technological constraints.

A program combining policy analysis, support to carry on the policy dialogue directly between the private sector and the government, and long-term resources to direct precise interventions in support

of levered opportunities would provide tremendous support to the MSE environment. The combination of new, substantiated information, practical experience (which is lacking), and opened channels of communication will provide the optimal basis for sustainable changes in the policy environment as well as stimulate direct economic growth.

Given USAID's agricultural program, and its new interest in natural resources projects, this program could take agriculture and natural-resources-based subsectors as its starting point. Of the six subsectors studied, agricultural machinery, cosmetics, and construction have the strongest linkages to this area. Textiles and garments are of less interest, because cotton is not a priority for USAID (although it is a GOBF priority). Agricultural machinery is receiving heavy GOBF and donor attention, and interventions here might best be limited to policy reform (getting GOBF out of mass production of animal traction equipment). Cosmetics and construction offer greater opportunities for ground-level interventions, because of the development potential of karité and of mineral resources suitable for alternative building materials production. Other subsectors not investigated, such as fruit and vegetable processing, should be considered. In the poor countries of the Sahel, it often is the lesser-known, lesser-populated subsectors that hold the greatest opportunity for microenterprise growth.

The subsector intervention program should begin by selecting three to four subsectors for more extensive analyses than those undertaken in this exercise, with a view to choosing one for direct intervention. The analyses would contain more extensive investigation of the areas of major opportunity and leverage. For example, if alternative technologies might increase access to growing markets, the new analyses should contain more extensive appraisals of these technologies, and of the institutions that might be involved in their use and dissemination. If policy changes could affect the competitiveness of microenterprises and their products, the new analyses should attempt to calculate the costs and benefits of policy reform in greater detail. The choice would be based on where the returns could be the most immediate and the most extensive, to establish the validity of this approach to microenterprise development in Burkina, and to immerse the team in a particularly industry, establishing its entrepreneurial credibility.

Once the program team selects an initial subsector for support, USAID funds would be used to support one or two leveraged interventions, which would take place over a limited period of time. In the USAID-funded Central Java Enterprise Development Project, for example, the project team provided technical assistance to help an NGO set up a prawn hatchery to increase supplies of larva to microproducers. Having provided this, and having left the NGO and the private sector to continue the work (private sector imitators eventually outcompeted the NGO, but microproducers ended up with cheaper, more plentiful raw materials), the project team moved on to other subsectors.

In sum, this subsector intervention program should be focused, yet flexible. It should work on one subsector at a time. However, it should work in a short time frame for program personnel and other resources, and should identify opportunities for leveraged intervention, work with the subsector until the major constraints to growth are overcome, and move on to a new subsector and clientele. The assistance provided should be determined by specific beneficiary needs rather than a priori judgments as to which services to offer, so that the program need invest only in technical assistance that has immediate relevance and impact. In this way it can play a catalytic, high impact role in microenterprise development in Burkina Faso.