

# **BUSINESS GROWTH INITIATIVE**

## **FY 08 Annual Report**



Weidemann Associates, Inc.  
J.E. Austin Associates  
Management Systems International (MSI)

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## Section I. Introduction

The Business Growth Initiative (BGI) Project began in September 2006. The goals of BGI are to support USAID mission programs and provide guidance to USAID officers, to promote best practices in enterprise development and to build a Community of Practice (COP) for enterprise development within the broader development community. The second year work built on the technical and management foundations implemented in year one, created new partnerships and USAID mission support activities and firmly established BGI as a leading resource and center of excellence in business development.

In Year 2 BGI established a solid base for project operations, targeted outreach for mission support and undertook research activities that resulted in a demand for additional services. BGI surpassed two expected results by nearly 200%.

### 1. Major Accomplishments

In Year 2, BGI sought to establish itself as a leader and provider of guidance and resources for Enterprise Development. Through expanding services, networks, and high quality research activities and events, BGI is known as a center of excellence for business development and for providing USAID Mission and project support. This section highlights some of the main accomplishments of Year 2.

*Outreach and Communications strategy implemented.* In project Year 2 BGI implemented a comprehensive communications and outreach strategy that included the distribution of a quarterly newsletter, active networking with USAID personnel and implementers, and establishing relationships with Universities and other institutions.

*Increased demand for BGI assistance.* BGI support was requested by two Missions and by the Asia and Middle East Bureau for project Year 3. All three requests for support included partial or full funding. A&ME Bureau support will begin in Year 3.

*Established as a leader in Business Development.* The strategy resulted in 4 invitations to present BGI and BGI resources to new audiences outside of USAID and an increase in the average number of requests for information and/or support a month and additional Mission and Bureau support activities.

*BGI Knowledge Portal, i.e. the website.* In Year 2 the BGI team aggressively added to and updated information on the website. Over 25 new features and content pages were added. Site visits and user activity increased over 200 percent.

*First International Workshop.* In June BGI partnered with the Europe and Eurasia Bureau's Regional Competitiveness Initiative for the Caucasus Regional Best Practice workshop. The event drew over 200 participants from Europe and Eurasia and attracted leading experts in tourism, information and communication technology and USAID Washington leadership.

*Publications.* In Year 2 BGI expanded publications to include best practice examples from implementing partners called Notes from the Field. This, combined with BGI's own technical brief publications, added a total of 9 research and support documents.

*Providing Leadership in USAID Program Design and Implementation.* BGI is a recognized leader promoting best practices in the design, assessment and evaluation of enterprise development programs by USAID. BGI is regularly considered as a vehicle for providing Mission and Bureau support.

*Partnerships with USAID activities.* BGI actively sought to establish partnerships with related USAID projects. BGI has an on-going open dialogue regarding activities and collaboration with MicroLinks, FRAME, Regional Competitiveness Initiative (RCI), Africa Growth and Competitiveness Initiative/Knowledge Sharing Activity, and LAC Bureau Economic Growth Best Practices. Additional activities have been discussed with individual projects such as GDA IQC, Jordan SABEQ and Armenia CAPs.

**Table 1. Project Results Indicators**

<b>Outcomes</b>	<b>Expected Results</b>	<b>Accomplishment</b>
Improved program/project designs for missions	3 per year	1. Morocco 2. Indonesia
Conduct Research Projects	2 per year	<i>None approved for year 2</i>
Develop and Disseminate Technical briefs and Notes from the Field	3 per year	1. Building a Warehouse Receipts Program that Works for all Stakeholders 2. When Should the ICT Sector be a Target for Private Sector Competitiveness Work? 3. Case Studies in Enterprise Development in Post Conflict Situations 4. The Effective Use of Volunteers in USAID Economic Growth Programs 5. Alternative Business Enabling Environment Indicators: A Review 6. Sustainable Tourism Development in Rural Areas – Montenegro 7. Economic Gardening in Bosnia-Herzegovina
Convene Seminars/Workshops on Best Practices	3 domestic, one international	1. The Case of Chile – <i>In Philadelphia</i> 2. Warehouse Receipts 3. Selecting the ICT Sector as a Target Sector – <i>Washington DC</i> 4. Supporting Enterprise Development in Post Conflict Environments – <i>Washington DC</i> 5. Selecting the ICT Sector as a Target Sector – <i>UN CSD</i> 6. The Effective Use of Volunteers in USAID Economic Growth Programs – <i>Washington DC</i> 7. Measuring the Business Climate and Promoting Entrepreneurship – <i>Washington DC</i> 8. International Best Practice Workshop – <i>Yerevan, Armenia</i>
Implement Pilot Demonstration Projects for Missions	1 per year	<i>Preliminary discussions were held with:</i> <ul style="list-style-type: none"> <li>• USAID West Africa, West Africa Regional Trade Hub.</li> <li>• AGCI/KSA</li> </ul>

## **2. Objectives**

The goals and objectives of BGI remain the same in year two with greater emphasis and attention to the diversity of BGI's audience and beneficiaries as well as current trends and demands in the community.

Specific objectives are:

- 1) Improve enterprise development project designs and implementation to reflect best practices;
- 2) Conduct further research on trends and specific aspects of enterprise development;
- 3) Produce and disseminate technical briefs on specific topics of interest to Missions and to the broader enterprise development audience;
- 4) Promote the application of these best practices in enterprise development by: 1.) providing technical assistance to missions to aid in improving the design of enterprise development projects and 2.) conducting seminars and workshops; and
- 5) Provide technical assistance in the design and implementation of pilot demonstration projects in targeted Missions that will exemplify the application of best practices in enterprise development.

To support these objectives the contract anticipates the services to be provided will include:

- 1) Improved program/project **designs** utilizing best practices in enterprise development in at least four missions per year;
- 2) At least two **research** projects per year on specific aspects of enterprise development;
- 3) At least four **Technical Briefs or Notes from the Field** on aspects/trends in enterprise development produced and disseminated per year;
- 4) At least three **seminars/workshops** per year in the United States and overseas to promote the application of lessons learned and best practices in enterprise development; and
- 5) At least two **Pilot Demonstration Projects** (PDPs) per year in Missions with a demonstrated interest generated from outreach to those missions.

## Section II. Organization and Staffing

The BGI team, Weidemann Associates and partners MSI and J.E. Austin, experienced a series of personnel and activity changes in Year 2. The changes were managed well with little or no impact on project activities. Team member meetings with the CTO have been an effective tool and the program manager meets with the CTO at least every two weeks, but frequently more than that. New concepts and activities were submitted continuously throughout Year 2 for review and approval. Monthly meetings with the BGI team and CTO are used to discuss current activities and present new concepts, networks and Mission support activities. This process will continue in Year 3.

In Year 2, BGI began utilizing more web enabled communication tools, specifically interactive team sites and internal blogs for specific work assignment activities. These tools will be developed further in Year 3 to specifically support field mission support teams and virtual communication. In addition, technology improvements will be made to the BGI Knowledge Portal that support direct interaction with users and expanding the BGI network.

The BGI team, including partners MSI and J.E. Austin, will continue to meet once a month in person and virtually to discuss current work and upcoming activities. Monthly meetings with the CTO have been an effective tool.

Additional level 2 and level 3 staff have been approved from J.E. Austin and Weidemann Associates.

- In May 2008 J.E. Austin Inc. added a new team member, Karen Isahakyan as the BGI project manager. Carlton Jones replaced Justin Stokes as the J.E. Austin Inc project manager.
- In May 2008 Adam Saffer replaced Jorge Daly as project manager and primary point of contact with BGI partner MSI.
- In June 2008, Carolyn Kirchhoff began as the project intern. Her responsibilities include assisting in program administration, consultant fielding and research. She assumed full time responsibilities as the project associate on October 1, 2008.

### **Section III. Program Activities**

#### **1. Improved Program/Project Designs for Missions**

##### **A. Direct USAID Mission Support**

Proposals for work for improved project/program designs are demand driven and may be based on direct or indirect requests for support, interviews with program or mission staff, and knowledge of when project/program decisions will be made.

Direct Mission Support Accomplishments include:

- Completed the USAID/Indonesia Economic Growth Strategy Assessment;
- Continued to contact missions regarding BGI research agendas, tools, guidelines and services, specifically targeting missions with changes in programs and strategies in 2009. Potential missions include Armenia, Georgia, Jordan and Bolivia;
- Recorded and disseminated DVDs of the event Measuring the Business Climate and Promoting Entrepreneurship to economic growth officers;
- Invited to attend the AGCI/KSA Trade Hub workshop and present BGI research and services; and
- Provided direct support to the LAC EGBP team in the development of SOWs.

##### **B. Trainings and Other Support Accomplishments in Year 2 include:**

- Executed the joint BGI/RCI South Caucasus Workshop in Yerevan, Armenia. This workshop promoted best practices in Information and Communications Technology (ICT), Tourism, and Business Services Delivery (BSD) and Prospects for Regional Integration and Cooperation.
- Developed and detailed training outline for an Economic Growth Office regional training with USAID/Jordan.
- Attended and participated in the USAID Economic Growth Officers Workshop in October 2007.
- Attended and participated in the USAID Enterprise Development Workshop in October 2008.

### C. Enterprise Development Diagnostic

In Year 2 BGI began work on the creation of an enterprise development diagnostic tool that could be used by USAID Missions and personnel to assess country-level business performance and decisions and the microeconomic environment that affects businesses' performance and choices. The EDD's target is to describe **how** business decision making and results within an economy are influenced by the microenvironment (including access to skills, services and knowledge).

The EDD is differentiated from other diagnostic tools and indices (CAS, GCR, etc) by its insight into not just the environment, but how well enterprises are growing and succeeding in the enterprise-specific environment. The EDD is designed to provide an understanding of actual enterprise development in response to the quality of the microenvironment.

The tool establishes a diagnostic framework that focuses on the framers and enablers, which improve business opportunities and incentives, while strengthening the capacity to create and expand enterprise in the formal economy. These elements include: a supportive legal, regulatory, and competitive environment; access to finance; the presence of sophisticated knowledge and technology; and access to a workforce of educated and technically competent human capital. Together, the framers and enablers combine to support enterprise development and growth. Indicators selected represent each component of the framework.

This tool will be tested and launched in project Year 3.

### D. Value Chain/Enterprise Development Implementation Checklist.

This checklist presents a methodology for selection and incorporation in projects and initiatives of the value chain approaches described in the World Bank Value Chain Guide, *Using Value Chain Approaches in Agribusiness and Agriculture in Sub-Saharan Africa* (soon to be published). This checklist enables planners, decision makers and implementers to determine the appropriateness of a tool's use to achieve priority results and in specific economic environments.

This checklist will with tested and launched in project Year 3.

### E. Outreach and Communication Activities

Fundamental to BGI's overall approach was the creation and implementation of a cross cutting outreach and communications strategy. In January 2008, BGI finalized a comprehensive strategy with two primary objectives: become the champion of enterprise development and business growth as a means of alleviating poverty and promoting economic development; and become a credible and respected voice for economic development through research, dissemination of best practices, case studies and other successful enterprise growth interventions.

Specific Outreach and Communication accomplishments for FY2008 include:

- Creation and dissemination of the BGI quarterly newsletters.

- Formal outreach to over 12 USAID Missions and/or projects regarding BGI's recent research and services.
- Presented at the EGAT KM Fair and responded to numerous requests for KM portal demonstrations and other requests for information, added over 40 people to our mailing list and received follow-up requests for information from economic growth officers and other economic growth contractors.
- BGI Program Manager, Marialyce Mutchler, attended the 2008 USAID African Global Competitiveness Hub Meeting in Accra, Ghana. Ms. Mutchler established a number of contacts with other regional competitiveness projects for possible upcoming collaborations with BGI.
- BGI Program Manager, Marialyce Mutchler, attended Babson College's Symposium for Entrepreneurship Training, networked with business and entrepreneur educators from Indonesia, Guatemala, Mexico and Ghana.
- Steve Silcox, Project CTO, Marialyce Mutchler, BGI Project Manager and Mike Ducker of J.E. Austin met with representatives from Babson College and the Global Entrepreneurship Monitor. Initial discussions took place for collaboration on training, participation in a workshop on business environment indicators, research and the preparation of technical briefs.
- Cross linkages were established with related Stakeholders, donors, project and think tanks including Action for Enterprise and the SEEP Network, the Springfield Centre and the Kauffman Foundation.

## 2. Research Activities

Topic areas for BGI research for Year 2 were defined as: business growth in post conflict environments, the business environment, business centers/business incubators and innovation in business growth. Limited funds were available, therefore no large research activities were approved. The following activities are categorized as research and research support activities:

Research Activities accomplished in FY2008 include:

- Draft paper on Best Practices in Business Centers and Business Incubators was received along with an annotated bibliography. The literature was finalized and published.
- Publication and dissemination of the paper, *Alternative Business Enabling Environment Rankings: A Review* written by Don Snodgrass. This paper summarizes the best known and most widely used indexes of the business enabling environment (BEE), evaluates how they have been applied to the countries in which USAID works and speculates about which indexes best reflect the quality of the BEE in which the clients of USAID private sector development (PSD) programs actually work.

## 3. Technical Briefs and Notes from the Field

*Technical Briefs* are short documents with essential information gleaned from research reports or other documents and activities on lessons learned in enterprise development.

*Notes From the Field* provide detailed information and background on an individual project or an approach. *NFTFs* are strong accompaniment documents to technical briefs, but do not fully present an issue. In addition, *NFTFs* are live documents that may be updated to bring the latest experiences to BGI audiences.

#### *Technical Briefs and Notes from the Field* done in Year 2:

- Notes from the Field No. 1 entitled *Building a Warehouse Receipts Program that Works for all Stakeholders* was authored by the Emerging Market Group and was published on the BGI website's technical briefs page.
- Technical Brief No.3 *When Should the ICT Sector be a Target for Private Sector Competitiveness Work?* was published by BGI and authored by USAID e-Business Advisor, Judy Payne and J.E. Austin Associates' Private Sector Development Specialist, Mike Ducker. This research was submitted to a group of 11 ICT development experts for review. This process led to numerous comments which were used in the BGI blog.
- Technical Brief No.4, *Case Studies in Enterprise Development in Post-Conflict Situations* (the follow-on work assignment applying the Buyer/Supplier research methodology) was completed by BGI sub-contractor J.E. Austin Associates.
- Technical Brief No. 5, *The Effective Use of Volunteers in USAID Economic Growth Programs*, by Jude Halleran and Lee Warren of the Volunteers for Economic Growth Alliance was disseminated on May 12, 2008. This technical brief is intended to highlight the significant benefits and sustainable impacts that can be achieved by utilizing integrated teams of volunteer business practitioners.
- Notes from the Field No. 2, *Sustainable Tourism Development in Rural Areas* draws on and summarizes the experiences of CHF International in founding the Centre for Sustainable Tourism Initiatives (CSTI) and Montenegro Adventures (MA). This document was disseminated at the BGI/RCI South Caucasus Workshop on June 24 and 25 in Yerevan, Armenia.
- Notes from the Field No. 3, *Economic Gardening in Bosnia-Herzegovina* examines success of the Linking Agricultural Markets to Producers (LAMP) project to foster economic growth through improving competitiveness of the agriculture and agribusiness sectors. .

#### **4. Seminars/Workshops**

Seminars/Workshops accomplished in FY2008 include:

- BGI co-sponsored an event at the Federal Reserve Bank in Philadelphia, PA with the Global Center for Interdependence, where the SME Exports and Enabling Environment: The Case of Chile was presented a second time. Participants included over 25 diplomats, international banking and finance professionals and local area business leaders.
- BGI presented the research from the technical brief *When Should the ICT Sector be a Target for Private Sector Competitiveness Work?* at the United Nations' Commission on Sustainable Development on May 6, 2008.
- BGI co-sponsored the event Measuring the Business Climate and Promoting Entrepreneurship with the Heritage Foundation on June 12, 2008. This event brought together four leading economic indicator indexes to discuss similarities and differences of their work. The forum featured panelists from the World Bank's Doing Business Report, the World Economic Forum's Global Competitiveness Index, The Heritage Foundation's Index of Economic Freedom and the Global Entrepreneurial Research Association's Global Entrepreneurship Monitor.
- BGI co-hosted the South Caucasus Workshop on June 24 and 25 in Yerevan, Armenia with the Regional Competitiveness Initiative, which brought together regional experts and practitioners in the areas of information and communications technology, tourism, and business services delivery to focus on best practices and prospects for regional integration and cooperation in the South Caucasus.

The following Daybreak Discover sessions took place in Year 2:

- Building a Warehouse Receipts Program that Works for All Stakeholders, based on Technical Brief No. 1, on February 5, 2008.
- Supporting Enterprise Development in Post-Conflict Environments, based on Technical Brief No. 4, *Case Studies in Enterprise Development in Post-Conflict Situations*, on February 26, 2008.
- When Should the ICT Sector be a Target for Private Sector Competitiveness Work?, based on Technical Brief No. 3, on March 11, 2008.
- The Effective Use of Volunteers in USAID Economic Growth Programs based on Technical Brief No. 5, on May 13, 2008.

## 5. Pilot Demonstration Projects

BGI continues to review the current program and discuss with Missions and related KM projects opportunities to lead and contribute to pilot demonstration projects.

### Section IV. Knowledge Management System

Knowledge Management (KM) is a core service in the BGI project. Specific objectives of the KM system are:

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

Knowledge is generated and shared in many ways. The above described activities are and will be generating knowledge about best practices in enterprise development. Disseminating knowledge includes the traditional methods of distributing published reports, presentations, workshops and seminars and teleconferencing of BGI personnel with USAID personnel.

Accomplishments:

In Year 2, the website expanded with the addition of several new pages including:

- Blog or Discussion Page on Information and Communication Technology
- Information and Communication Technology Key Practice Area page
- Post-Conflict Key Practice Area page
- Related Knowledge Management Projects page
- Four new pages on the Business Enabling Environment tying into the June 12 event on Measuring the Business Environment and Promoting Entrepreneurship

- Innovation and Entrepreneurship Key Practice Area page.
- Site visits and user activity increased over 200 percent.

Additionally, new content was added in the form of documents, links, and USAID enterprise development projects.

In August and September, a re-design of the format and design of the website began. A new web part was identified as being more reader friendly, as well as providing the greater opportunity to use graphics along with text. The Homepage, the Studies in Enterprise Development page, and all of the Key Practice Area pages have been re-done to reflect this new design choice. The re-design also has sought to streamline the pages and create a uniform format and view from page to page, through the use of the same font, text size, and color schemes. The re-design will continue into Year 3 so that all pages reflect this new design choice.

#### Issues:

In mid June, the BGI website began experiencing instability, particularly between June 13-16, the website went down several times during this period. The site became increasingly unstable and standard protocols for repairing connections were not working. On 19 June the site went down, the error message received was “cannot connect configuration database.” The Weidemann team was unable to restore service despite repeated attempts throughout the day and into the late evening on the 19th. Additional resources were procured on 20 June through the outside consulting firm, Applied Knowledge Group. Service was restored by 6:45pm on 21 June. A detailed after action report was presented to the CTO. Steps have been identified to move forward with understanding the causes of the instability. The first of these was establishing a longer-term support agreement with Applied Knowledge Group, including a Diagnostic Analysis of the website. The Diagnostic began in September and will continue into Year 3 to identify the source of the problem and actions that need to be taken to ensure continued successful operation and outreach through the Knowledge Management system.

## **Annex I**

### **List of Deliverables from FY 08:**

#### Publications

- Building a Warehouse Receipts Program that Works for all Stakeholders
- When Should the ICT Sector be a Target for Private Sector Competitiveness Work?
- Case Studies in Enterprise Development in Post Conflict Situations
- The Effective Use of Volunteers in USAID Economic Growth Programs
- Alternative Business Enabling Environment Indicators: A Review
- Sustainable Tourism Development in Rural Areas – Montenegro
- Economic Gardening in Bosnia-Herzegovina.

#### Assessments

- Mid-Term Review of the Morocco New Business Opportunities Project
- USAID/Indonesia Economic Growth Sector Assessment

#### Periodic Reports

- Monthly Report, October 2007
- Monthly Report, November 2007
- Monthly Report, December 2007
- Monthly Report, January 2008
- Monthly Report, February 2008
- Monthly Report, March 2008
- Monthly Report, April 2008
- Monthly Report, May 2008
- Monthly Report, June 2008
- Monthly Report, July 2008
- Monthly Report, August 2008
- Monthly Report, September 2008
- Quarterly Report, Q2
- Quarterly Report, Q3
- Quarterly Report, Q4