

Best Practices in Alternative Support Programs for Microenterprise Development

**Small and medium enterprises working
group (SMEWG/APEC)**

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ME Support Models Project Objectives:

- **To promote microenterprise development and growth at the domestic level in APEC economies by strengthening their international trade capacity and networks.**

Rationale

- **Microenterprises employ substantial numbers in APEC economies, particularly in developing economies.**
- **Majority function at survival level.**
- **Significant group still has potential to grow into more sustainable and larger enterprises with the right supports and networks in place.**

Rationale

- **Many successful ME support programs in the region focus on improving access to microfinance, but it takes a min. of 6 -7 loans for an ME to become sustainable through a microfinance program.**
- **Also possible to foster increased domestic growth of MEs through strengthening their links to larger scale exporters and by building their own international trade capacity and networks.**
- **These and other alternatives growth strategies not yet as widely documented as microfinance approaches. .**

Target Groups

- **MEs with potential for growth at the domestic level if the right supports in place to link them with larger businesses already involved in export as suppliers of either products or services (focus on domestic growth).**
- **Microenterprises with potential to become export oriented if they can access the right program supports or if their governments create an enabling policy environment (focus on international growth).**

Sample Best Practice Models

1. **Growth Facilitation programs**
2. **Aggregators (Business pooling)**
3. **Catalogue Distribution**
4. **E-Business and E-communities**
5. **Equity Contributions**
6. **NGO Businesses & Fair Trade Organizations**
7. **Franchises**
8. **Public policy support measures.**

Model 1 - Facilitators

- **Facilitators are intermediaries that work with small producers to scope opportunities in the marketplace.**
- **They identify ways to facilitate co-operative activities for women to grow their small production businesses or products.**
- **Requires wider engagement of industry, sector councils and women's networks as well as strong support from government and private sector**

Model 2- Aggregators

- **Aggregators bring together businesses with product/services that are similar in design, quality and market identification under one common product offering in the marketplace.**
- **Work with small producers to fill orders that may be identified in the marketplace.**
- **Set standards and quality control procedures and process**
- **Typically deal in one product area and serves a broker function.**

Model 3 - Catalogue Distribution

- **Aggregate product catalogue distribution provides access to wider market to MEs than normally available on individual business basis.**
- **Is a scalable enterprise (can offer one item or related items)**
- **May require industry harmonization by specific product categories**
- **Requires production and publication facilities for picturing products**
- **Can be done on-line to reduce publication costs.**

Model 4 – NGO Businesses

- **NGO identifies the market and takes responsibility for product design, marketing and distribution.**
- **NGO trains women or other specific group to make the products the NGO sells and exports, as well as provides other training and services .**
- **The women act as sub-contractors to the NGO and are assisted to set up home-based MEs based on the production of the NGO products.**

Model 5 - E-Communities

- **E-business assists MEs make big economic gains by connecting them with potential distributors and customers for their products / services.**
- **Facilitates on-line activity for communities and individuals. Helps develop and organize knowledge through on-line discussions and chat groups.**
- **Requires connectivity and Internet access, plus technical assistance.**

Model 6 - Equity Contributions

- **MEs obtain financial assistance through equity programs provided by government programs, economic development programs, and other institutional developers.**
- **MEs are provided a percentage of the start-up or expansions costs as a grant and their contributions can include “sweat equity”.**
- **Uses government resources to provide technical guidance.**
- **Combines equity contributions with other loan products to further finance the business.**

Model 7 - Public Policy Measures

- **Government supported and encouraged.**
- **Private sector, NGOs and academe is engaged and plays a significant role as collaborative partners.**
- **Can include:**
 - **certification registry ensures that women businesses are targeted and remain recipients of the benefits**
 - **set asides on government procurement contracts, etc.**

Next Steps

- **Assess best combinations of models for diverse APEC economies**
- **Conduct feasibility studies to develop program guidelines, including cost estimates.**
- **Joint models to be studied would include that is government-led, private-sector led and NGO-led programs**
- **Based on results of feasibility studies and these consultations, to seek funding to set up the model programs in several APEC economies.**