

# Biodiversity-based microenterprise development (B<sup>2</sup>MD)

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**Holcim Group Support  
CSR/SD Coordination**

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## Abbreviations

CAP	Community Advisory Panel
CSR	Corporate Social Responsibility
FAO	Food and Agriculture Organization of the United Nations
KPI	Key Performance Indicator
M+E	Monitoring and Evaluation
MED	Micro-enterprise development
MFI	Microfinance Institution
MNC	Multi-national company
NGO	Non-Governmental Organization
WCC	World Conservation Congress

## Executive summary

Developing biodiversity-based microenterprises<sup>1</sup> has the potential to lift individuals and communities out of poverty while conserving biodiversity.

One of the work streams of the collaboration between Holcim and IUCN aims at developing a biodiversity-based microenterprise development concept and pilot testing it in selected countries. The main objective of the concept is to assist and guide multinational companies in collaboration with other entities in planning and managing micro- and small enterprise development projects that create sustainable livelihoods in the community and support biodiversity conservation.

The proposed concept consists of five phases that create a learning and process loop for a range of actions that may be required for the development of biodiversity-based microenterprises. The main actors and owners of the resulting projects and respective businesses are the local stakeholders and entrepreneurs themselves, while the process is facilitated and supported by a multinational company (MNC) and a non-governmental organization (NGO), in this case Holcim and IUCN, or their affiliates.

The concept<sup>2</sup> incorporates a variety of approaches, using key tools<sup>3</sup> for five phases, namely: situation analysis, strategy development, and business plan development, integration into value chain and monitoring and evaluation. Many of the tools have been applied extensively in different situations by different actors. In the context of this concept not all of them, however, will be relevant during all phases and for all projects.

The most important success factor for the development and the implementation of biodiversity-based microenterprises lies in the joining of business and biodiversity expertise, availability of human and financial resources at local and international level as well as the active participation and ownership of local stakeholders.

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<sup>1</sup> The commonly accepted definition of "microenterprises" describes them as a type of small business with five or fewer employees and a seed capital of not more than \$35,000. In many countries microenterprises are small, informally organized commercial operations that are owned and operated by the poor. In the context of this paper, we refer to microenterprises but assume that these initial microenterprises can and will grow into small businesses with more than five employees. The aspiration further is to contribute to the development of formally managed businesses.

<sup>2</sup> The concept draws heavily on the FAO's „Community-based tree and forest product enterprises: Market Analysis and Development“ material by Lecup, O and Nicholson K., 2003; M4P's "Making Value Chains Works better for the Poor: A toolkit for practitioners of Value Chain Analysis", by M4P, 2007; and USAID's "Local communities and Natural Resources" manual, USAID, 2007

<sup>3</sup> The analysis and selection of tools is based on Kristy Facer's Enterprise Development database prepared for the Markets and Incentives Theme of the IUCN Livelihoods and Landscapes Strategy ([http://cms.iucn.org/about/work/programmes/forest/fp\\_our\\_work/index.cfm](http://cms.iucn.org/about/work/programmes/forest/fp_our_work/index.cfm)).

## 1. Introduction

The objective of this paper is to present a concept for the development and implementation of B<sup>2</sup>MD projects. Based on the experiences and strengths of MNCs in collaboration with NGOs it suggests a five-phase approach with a clear timeline, roles and responsibilities as well as implementation tools for microenterprise development projects.

### a. Overview

Microenterprise development programs aim at initiating or supporting small producers and micro entrepreneurs to become established, grow, improve quality standards, and add value to the supply chain - allowing them to respond to the needs of domestic, and in some cases international, markets. This ultimately will enhance livelihoods, increase local quality of life and contribute positively to local economic development. The integration of producers and entrepreneurs into value chains<sup>4</sup> could be a means to enhance their sustainability, improve their bargaining power and their access to business and financial services as well as niche markets and enable them to take greater advantage of economic opportunities.

The challenge of this process, however, is to combine the concept of sustainable development with livelihood creation and security as well as business development. In this context, business opportunities that are based on the conservation and sustainable use of natural resources are best suited to meet this challenge. One could define these businesses as “biodiversity-based businesses” characterized by the fact that they depend on biodiversity for their core business or contribute to biodiversity conservation through their activity (Bishop, Kapila, Hicks, Mitchell & Vorhies, 2008).

Several methodologies based on participatory approaches are currently used by different actors to support the creation of microenterprises and their integration into local or global value-chains. Many of these are implemented by development agencies and NGOs who put community stakeholders and future entrepreneurs at the heart of a process and ensure facilitation of the process by a team of development and small business development experts. In addition to these “traditional actors”, multinational companies are increasingly initiating microenterprise development projects in their supply chains or in the context of their Corporate Social Responsibility (CSR) activities.

### b. Relevance of B<sup>2</sup>MD for Holcim and IUCN

#### **Holcim:**

For Holcim, acting in a socially responsible manner is more than a collection of discrete practices and occasional gestures, or initiatives motivated by marketing or public relations. With its CSR strategy, Holcim aims to contribute to effectively improve the quality of life of different stakeholder groups. All Holcim CSR projects are based on a thorough socio-economic and needs assessment, are planned and implemented in a participatory way and rely on active and continuous stakeholder engagement.

Micro-enterprise development has been identified as an opportunity to secure livelihoods, improve nutrition and provide (self) employment opportunities, in particular to local youth, in many of the Holcim locations where needs assessments have been conducted. Projects are currently implemented in Latin America (e.g. Argentina, Brazil and Ecuador) and Asia (e.g. Indonesia, the Philippines and Sri Lanka) as part of the companies' CSR engagement. In addition to traditional products produced by these microenterprises, such as small animals, milk products, fruits and vegetables (either for self-consumption or for sales), as well as handicrafts, the entrepreneurs produce items that are needed in the supply-chain of the company (uniforms, brooms etc.). Given

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<sup>4</sup> A value chain refers to the range of activities required to bring a product or service from conception, through production, and delivery to final consumers, as well as disposal following use (see Kaplinsky 1999; Kaplinsky and Morris 2001).

the nature of the cement industry, a potential exists to develop enterprises that relate to sustainable construction and waste management activities such as the use of rice husk or other waste products that can be used as alternative fuels in cement kilns.

**IUCN:**

The development of biodiversity business has been identified as a priority in the draft IUCN Program for 2009-12<sup>5</sup>. One reason for this new emphasis is a growing awareness that traditional approaches to conservation, based on government and charitable action, are not, on their own, sufficient to halt the decline of biodiversity or the reduction of poverty. Another reason is the increasing recognition of the many skills and capacities that business can bring to bear on conservation, including sustainable financing, process management, and keen sensitivity to consumer preferences. Through its Business and Biodiversity Programme (BBP), IUCN aims to support the integration of biodiversity concerns and opportunities into business planning at all scales, including small and medium-scale entrepreneurs who rely on natural resources and ecosystem services for their livelihoods.

Through IUCN's Livelihoods and Landscapes (LLS) initiative, IUCN is also working to ensure that markets and incentives support the sustainable management of landscapes, while also increasing the incomes and livelihood security of the rural poor. This involves work to reduce poverty and improvements to the degree to which conservation outcomes and the needs of the poorest are incorporated into existing markets for forest goods and services, as well as working to develop pro-poor markets for forest ecosystem services. Small enterprise development is a key focus of this work, where support is being provided towards enhanced knowledge generation, strengthened capacity and the empowerment and creation of opportunities for rural people in small and microenterprises. This initiative is being implemented in several countries across Asia, Africa and Latin America.

*c. Experiences and strengths of Holcim and IUCN*

**Holcim:**

As mentioned above, Holcim's experiences with microenterprise development focus on Latin America and Asia. All of these projects are small-scale and target a clearly defined stakeholder group, such as employees or communities close to Holcim operations. Some companies also implemented projects aimed at providing alternative income generation to employees in times of restructuring<sup>6</sup>.

The challenges for Holcim with respect to microenterprise development projects are to scale-up existing or future projects, to include a sound financing component and to target products and services that conserve biodiversity and enhance natural resource management, possibly focusing on opportunities present in the Holcim value-chain.

The main strength of the local Holcim operations is the detailed and long-standing knowledge of host communities and in most cases the presence of established relationships and collaboration. The projects further benefit from a knowledge transfer of business processes (administration, finance etc.) from company managers and employees to the project participants.

**IUCN:**

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<sup>5</sup> Shaping a sustainable future: The IUCN Programme 2009-2012.

<sup>6</sup> These projects, that were implemented in partnership with banks or financial organizations as well as small-enterprise or business development actors, aimed at enabling former employees to set up their enterprises that would either be contracted by the company (e.g. gardening or janitorial services) or operate independently after the start-up phase. An evaluation of a respective project in Sri Lanka revealed that two years after the start-up of more than 200 microenterprises of former employees, about 98% of enterprises were still successfully in operation.

Recent IUCN experience of biodiversity business has focused on southern Africa, through the Natural Futures Programme<sup>7</sup>. This initiative has supported efforts to improve market access for rural primary producers and enterprises working with natural products in the region through supply-chain improvements, certification and standards application for niche market opportunities, increased access to working capital and other business inputs, as well as marketing and business planning advice. Other relevant experience by IUCN includes direct support for the development of small-scale, forest-based enterprise (timber and non-timber products), eco-tourism operations, sustainable fisheries and wildlife management (e.g. trophy hunting), as well as broader policy and institutional changes needed to integrate biodiversity into markets and business in many different locations across the globe. IUCN also works closely with multinational companies to support small businesses based on the sustainable management of natural resources (e.g. the development of *Allanblackia sp.* as a new oil-seed crop for smallholder producers in Africa, with Unilever). IUCN can also draw on the strengths of its many member organizations, which have even wider experience of biodiversity business development.

d. *Opportunities and risks*

Given the wide and complementary range of experiences and expertise of both Holcim and IUCN, collaboration related to biodiversity business will provide clear benefits in terms of identifying opportunities as well as in increasing the impacts of business development projects for community stakeholders and for biodiversity conservation in the respective locations.

Specific opportunities of B<sup>2</sup>MD projects are:

Community Development

- Implementation of sound projects that deliver clear and measurable benefits to community as well as company stakeholders
- Knowledge exchange and transfer relating to business as well as biodiversity and natural resource management expertise to communities and individual entrepreneurs
- Achievement of significant livelihood and quality of life improvements of the involved communities and entrepreneurs
- Contributions to achieving development objectives (e.g. Millennium Development Goals)

Business Benefits

- Definition of innovative businesses along the supply-chain of multinational corporations
- Creation of sustainable microenterprises that may be multiplied
- Identification of new and innovative business ideas and benefit streams
- Added value across a company's "triple bottom line"

Biodiversity Conservation

- Biodiversity conservation, sustainable use and benefit sharing
- "Revitalization" of products and services based on traditional and/or indigenous knowledge, such as medicinal plants
- Improved value and management of biodiversity at a local level

There are, however, certain risks if respective projects are not planned and implemented carefully and necessary human and financial resources are not dedicated to doing so. These risks include the following:

- Implementation risk due to limited capacity for microenterprise development in multinational corporations and NGOs
- Uncertain access to finance (grants, loans, equity) for identified entrepreneurs/businesses
- Risk of raising unrealistic expectations in the targeted communities
- Potential limited/unsustained support from MNC/NGOs if this is perceived as unrelated to core business strategy

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<sup>7</sup> [http://www.iucnsa.org.za/our\\_work/initiatives/natural\\_futures.htm](http://www.iucnsa.org.za/our_work/initiatives/natural_futures.htm)

- Reputation risk for MNCs, NGOs and other partners if this is perceived by external stakeholders as token CSR/charitable initiative (greenwash) that does not lead to improvements in core business processes or biodiversity conservation
- Reputation risk to MNCs, NGOs and other partners if the businesses supported have significant adverse social or environmental impacts
- Risks associated with market trends and uptake, enterprise readiness and relevant skills
- Potential perception of favoritism and fractures in the community if support and benefits are focused on and accrue to some entrepreneurs and not on others
- Potentially controversial or unproven business ventures (e.g. bio-carbon, REDD)



## Phase I: Situation Analysis

The main objective of this phase is to undertake an assessment of the socio-economic conditions and needs, to create an ecosystems services inventory and to evaluate current biodiversity threats and economic opportunities of ecosystems services as well as to assess the current product use, existing markets and supply-chains in a specific community or region. The assessment helps to understand the local needs and socio-economic objectives, livelihood strategies, related problems and opportunities and to subsequently create a shortlist of a range of possible products and/or services related to biodiversity business. If a needs assessment or a socio-economic assessment has been conducted earlier, it should be used as a baseline and be updated.

### Phase I - Situation Analysis

#### Main steps:

- Mapping and analyzing stakeholders: This will help to select the assessment working group members<sup>8</sup>, focus group participants<sup>9</sup> and interview partners<sup>10</sup> as well as the identification of the individuals that will form the project team<sup>11</sup>
- Assess socio-economic conditions/needs and the political situation/trends as well as political and permitting systems through desktop review, focus groups and interviews (in particular if no data are available from official sources)
- Assess and analyze ecosystem services and related threats and economic opportunities
- Review – preliminarily – existing enterprises, markets and supply chains
- Identify target group and their objectives
- Establish collaboration and create awareness and capacity for participatory processes
- Create awareness for the different elements of sustainable development

#### Involved persons:

Facilitation team (comprised of Holcim, IUCN and community representatives)

Community members (as members of the assessment working group, focus group participants and interview partners and ultimately as members of the projects team)

Local authorities

NGOs

Timeframe: 1-6 months (depending on previous work done in that location and the availability of data)

#### Tools:

Community Profile

Stakeholder Analysis

Natural resource and biodiversity profile (opportunities and threats)

Preliminary map of enterprises, products and services operating at local level

PRA tools such as resource and biodiversity mapping, trend lines, ranking, seasonal calendars

etc.

<sup>8</sup> The assessment working group represents a team that is responsible for overseeing the assessment. It should be composed of 1-2 representative of Holcim and IUCN respectively and 3-5 members of the community according to the previous stakeholder analysis. The members of this team will be present during the different exercises of the assessment and commonly come to results and conclusions. The working group, however, exists only in connection with the assessment. The individual members, however, might have other responsibilities later on in the process.

<sup>9</sup> A focus group is a semi-structured interview carried out in a group setting and that is managed by a facilitator. The main benefit of focus groups is the gaining of insights and the generation of ideas and suggestions in a dynamic way by the participants.

<sup>10</sup> In contrast to focus groups, these types of interviews are less free-flowing and more formal. They are useful in cases where information already exists and what is needed is a confirmation or quantification of narrowly defined topics.

<sup>11</sup> The project team is made up of the representatives of the community and the different organizations involved in the project that together are facilitating the planning and development of the microenterprise development project.

The collected information will allow for building a basic community, governance and natural resource profile. The profile as well as the results of the socio-economic and the natural resource and biodiversity assessment should be shared with the stakeholders and their input on findings and conclusions sought. In the context of the Holcim – IUCN partnership, IUCN should take responsibility for establishing and monitoring of the main biodiversity criteria: resource utilization, ecosystem health and vitality, threats to biodiversity, and social response while Holcim focuses on the socio-economic assessment, market analysis and stakeholder dialogue. The combined results will then allow to shortlist possible products and services as well as to identify the target group<sup>12</sup> of future entrepreneurs in the community.

It is important that sufficient time is allocated during this phase to enable local people to learn and understand the participatory tools and methods at their own pace to build capacity and to ensure ownership. The application of a participatory process and the training of all project members in the related methodology is crucial to embed the management of socio-economic and natural resource/biodiversity issues within the project organization and to ensure empowerment and ownership of the community stakeholders and future entrepreneurs. The participatory techniques should further motivate local stakeholders to take an active role in enterprise development and contribute to setting realistic expectations from the project in general and the small enterprises respectively.

## **Phase II: Strategy Development**

The aim of phase II is to identify biodiversity business opportunities as well as possible future entrepreneurs, to train them in the enterprise development methodology and to jointly develop a strategy and individual action plans. The identification of opportunities<sup>13</sup> should be based on the results of phase I. It will be important to consider both enhancing existing enterprises and establishing new ones based on the commercialization potential of products and services.

The short listing of products and services should be based on the results of the ecosystem services review and relevant characteristics such as:

- Available raw materials (e.g. natural resources of good quality and sustainable supply)
- Potential value chain and actors
- Local skills and knowledge of value added
- Market accessibility and demand

Potential criteria for identifying priority biodiversity- based opportunities include:

- Availability of and threats to natural resources and biodiversity
- Number of people/businesses already involved
- Opportunities for local people to advance sustainable household livelihoods and benefits
- Difficulty to maintain market standards (e.g. consistent quality and quantity) for the product/service
- Competition from illegal activities resulting in pricing information and distribution distortion
- Existence of global and local markets for the relevant goods and services
- Access to these markets
- Availability of financial credit

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<sup>12</sup> Most likely the target group will include the poor and marginalized members of a community with little linkage to outside markets. The identification process also needs to take indigenous people into consideration who often possess distinct knowledge systems and, for example, traditional medicinal practices.

<sup>13</sup> Existing approaches, such as the FAO MA&D approach, can be used as a general guidance.

Possible areas for natural-resource or pro-biodiversity related enterprises include:

- Wild products business, e.g. medicinal plants
- Ecotourism
- Handicrafts
- Ecoagriculture
- Forestry products
- Waste-derived products and services
- Sustainable Fisheries
- Agroforestry
- Biodiversity Offsets (medium to long-term)
- ...

## **Phase II – Strategy Development**

### Main steps

- Identify products and services, their opportunities, risks and constraints
- Identify value addition opportunities
- Identify entrepreneurs and their objectives
- Analyze relevant value chains
- Formulate strategy and action plans

### Involved persons:

Facilitation team (comprised of Holcim, IUCN and community representatives)

Community members (in particular members of the project team as well as future entrepreneurs)

Possibly: local NGO(s)

Timeframe: 2 - 4 months (depending on the results of phase I)

### Skills needed/tools:

Livelihood needs analysis

Strategy template (to be developed)

FAO MA&D Booklet E

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## **Phase III: Business Plan Development**

After the development of an overall strategy and action plans, the primary objective of this phase is to formulate a plan for the growth of future enterprises, to develop the strategy for the individual enterprises and to initiate the action steps that will prepare the way for financing and implementation. The entrepreneurs will learn to work out a business plan and strategy for their product or service and begin to identify financing opportunities. This encompasses the description of the mission of the enterprise, formulation of goals and objectives, drawing up of an action plan, commercialization and marketing strategies, assessment of the enterprise's profitability and the market potential, determination of capital start-up needs and a plan to obtain financing.

It is of great importance that the business plans reflect realistic medium to long term objectives and targets, but they should also allow for some short-term gains and tangible benefits for the individual entrepreneurs to secure continuous motivation. The business plans should further include specific criteria related to sustainable development issues, in particular how they relate to biodiversity and natural resource management. The creation of feasibility scenarios of gaining and maintaining market share also needs to be part of the business plan development.

A crucial part of the overall project organization is the identification of financial resources such as existing resources in the community, financial or micro-finance institution (MFI) either as a partner

to the project or as an option where entrepreneurs can apply for micro-credits. The identification of project partners for the finance component or the identification of credit options and establishment of first contacts have to be part of the overall management of the individual projects<sup>14</sup>.

As valid for all activities during the other phases of this approach, financial assistance has to be complemented with technical assistance (e.g. risk management, community business education) and capacity-building. This financial and technical assistance needs to be sustained for a reasonable time in order to support the businesses to become viable.

The main activities of this phase are adapted from the suggestions of FAO MA&D booklet E on how to develop a business plan. There are, however, other approaches that can be applied during this phase. The selection will be based on previous experiences, preferences of the project team as well as the selected products and services.

Another opportunity that should be explored in this context and during this phase is “micro-franchising”. This relates to the creation of sound, proven businesses that will in turn increase the earning potential of the microfranchisee. Micro franchises are independently owned and operated; thus creating income for the individual owner and owner’s employees. The role of the project could be to identify and develop a business idea and create respective outlets that are then been handed over to the franchisees. Via the microfranchise system businesses can be replicated to scale by systematizing an operation, developing the business until it is a turn-key operation and then replicating it to scale. The franchisees are then granted the right/privilege/access to a proven business system.

### **Phase III – Business Plan Development**

#### Main steps:

- Examine the business environment of the product/service and the business
- Define the mission of the business, goals and objectives as well as related KPIs and targets
- Develop strategies in each of the four areas of enterprise development (market/economy strategy, resource management/environment strategy, social/institutional strategy and the science and technology strategy (as laid out in the FAO’s MA&D booklets)
- Formulate action plans to implement strategies
- Have business and action plans critically reviewed by external specialists
- Identify key constraints of the existing market system
- Define budget and determine financing option

#### Involved persons:

Facilitation team (comprised of Holcim, IUCN and community representatives)

Project team and entrepreneurs

Possibly: Small enterprise or business development specialist

Timeframe: ~1 month

#### Tools:

FAO MA&D Booklet E

Holcim business plan template

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<sup>14</sup> The involvement of credit institutions might not be inevitable. Other financing opportunities such as the establishment of savings groups prior to the establishment of businesses, the evaluation of existing community funds, or the consideration of microfranchise systems should also be considered. Smaller individual projects might be able to get local informal funding while larger projects might rely more on formal funding mechanisms.

#### **Phase IV: Integration into value chain**

While the analysis and evaluation of the value chain was already conducted during phases I and II, the main objective of this phase is for strategic integration of the product or service into the chain based on the findings of these earlier phases and key opportunities and gaps identified.

The value chain includes a range of activities that are performed within an enterprise to produce a certain product or service but it further encompasses the complex range of activities that are implemented by various actors to bring a product or service from the producer to the consumer. It helps to identify the basic structure, dynamics and elements of the value chain as well as analyze the entry points for enterprises within it.

In the context of this concept, the main objectives of this phase are to establish the enterprise within the value chain and “get the enterprise going” and to successfully market the product or service. Experience of Holcim projects has shown that successful integration into value chains is one of the most important factors for success. The project management should therefore focus strongly on enabling entrepreneurs to access the chains.

Integration into value chains might be best approached by joining forces since the economic benefits of organizing micro-entrepreneurs into groups, cooperatives or networks includes the improvement of bargaining power, the obtaining of market access or broadening of market opportunities, the improvement of product or service quality and the reduction of costs and increase of income.

Another opportunity to reach out to national and international markets is through certification<sup>15</sup>. Certified products are likely to attract more demand, tapping into new, niche and higher value markets. During the certification process, community entrepreneurs also get feedback from the certification agencies to adopt responsible practices – related to the product or service, production process, compliance with laws, labor policies etc. It is part of the project management to identify suitable certification bodies as well as to prepare the certification process<sup>16</sup>.

Special attention might further be given to possibilities to integrate enterprises into the value-chain of a multinational corporation or to searching for alternative ways of creating employment, including opportunities to change inadequate employment practices and working conditions.

#### **Phase IV – Integration into value chain**

##### Main steps:

- Assess the value chain
- Identify opportunities within the value chain of a multinational or other major businesses operating in the area
- Develop clusters, cooperatives, networks for the development and movement of the product and service through the value chain
- Integrate and link enterprises with appropriate value chains
- Operate the enterprise

<sup>15</sup> A wide variety of organizations have developed standards for certification and they may work in international, regional and at national level. These standards focus primarily on ecological or social aspects. Among others, relevant standards include Wildcrafter Standards, Organic Certifications, FairTrade Certification, Ecological Certification, Good Agricultural and Collection Practices. Good Manufacturing Practices and Methods Validation Programs.

<sup>16</sup> Notwithstanding the limitations such as limited access and high costs that are involved with a certification.

Microentrepreneurs will need to weigh the costs and the benefits of a possible certification. This can also include looking for opportunities to fund or jump start certification, e.g. including the identification of sustainable buyers, appropriate funders of harvesting practices. For more information refer to the website of the International Social and Environmental Accreditation and Labeling Alliance: [www.isealalliance.org](http://www.isealalliance.org).

- Assess certification opportunities and related implications
- Monitor and secure processes to ensure that the product or service meets market standards (e.g. the provision of constant quality and quantity)<sup>17</sup>
- Mitigate value-chain risks

Involved persons:

Facilitation team (comprised of MNC, NGOs and community representatives)

Project team and entrepreneurs

Possibly: Small enterprise or business development specialist

Timeframe: ongoing

Tools:

Product flow (value chain) mapping (Enterprise development manual, ANSAB/EWW)

Making value chains work better for the poor, toolbox M4P

## **Phase V: Monitoring and Evaluation**

The monitoring of the overall implementation of the project according to key performance indicators (KPIs) and targets, objectives and impact hypothesis is crucial to both the application and revision of the concept as well as the strategic orientation and success of the enterprise.

Evaluation of the project involves the comparison of actual outcomes with targets and identification of the reasons underlying any differences. Formal evaluation should be conducted after reaching a major milestone, i.e. after the start-up phase of the enterprises, or at the middle of a project. It addresses the overall “value” and long-term impact of a microenterprise development project and its place in the market. The continuous monitoring and the evaluation activities – as all other steps during the process – are participatory activities and involve community stakeholders as well as representative from MNCs, NGOs and/or their affiliates.

A successful evaluation should further include an After-Action review, a learning summary and knowledge transfer. The outcomes of the evaluation should be used to adjust the MED project strategy and the targets. Understanding gained during the monitoring and evaluation may lead to a reassessment of the situation, new questions, and new options to consider in a continual cycle of improvement.

The learnings of the monitoring and evaluation should be shared with as many interested persons possible, thereby creating an exchange of experiences that will facilitate the replication and the scaling-up of existing initiatives.

### **Phase V – Monitoring and Evaluation**

Main steps:

- Monitor KPIs
- Measure impacts
- Evaluate projects
- Review strategy and business plans
- Evaluate and make necessary changes to ensure competitiveness of businesses
- Capture learning and exchange experiences

<sup>17</sup> With regard to quantity, it is important to keep in mind that some of these rural, wild or other businesses may be operating at different levels of competitiveness in the start-up phase due to the sunk costs of managing biodiversity (e.g. diverse, responsible and seasonal production instead of intensive monocultures). An effort should be made to investigate innovative ways of complementing and managing this issue from the start-up and integration of the enterprises.

Involved persons:

Facilitation team (comprised of Holcim, IUCN and community representatives)

Project team and entrepreneurs

In some cases: external facilitator for the evaluation

Timeframe:

Monitoring – continuously

Evaluation – 2-5 days

Available tools:

Monitoring and Evaluation Plan

Participatory monitoring and evaluation tools

### **3. Implementation of the concept in the frame of the Holcim IUCN collaboration**

A first B<sup>2</sup>MD project is currently underway in Nicaragua, in collaboration between IUCN Mesoamerica and Holcim Nicaragua. Further possibilities for projects should be evaluated in countries where microenterprise development is a priority for both, Holcim and IUCN.

## Annex 1: Good practice examples, Holcim

### Holcim Ecuador

#### Microenterprise Development in Ecuador

- Holcim Ecuador is implementing a MED program in Latacunga (about 90 km south of Quito), in poor, mainly indigenous communities.
- The program consists of three elements:
  - Breeding of small animals (304 participants)
  - Community microenterprises of family gardens (41 participants)
  - Community forestry (741 participants)
- The programs are planned and implemented via a Community Advisory Panel with direct involvement of all participants
- The main benefits of the program are livelihood creation, food security and development of self-esteem and initiative



### Holcim Nicaragua

#### Biodiversity-based microenterprise development in NIC

- Holcim Nicaragua is currently developing a project that targets biodiversity-based MED in collaboration with IUCN.
- The Community Advisory Panel – with direct involvement of the future entrepreneurs - is currently evaluating MED opportunities together with a representative of the local chapter of IUCN.
- Opportunities focus on eco-tourism, sustainable agriculture and fishery as well as local handicrafts.



### Microenterprise Development in Sri Lanka

- This program was implemented by Holcim Lanka to secure livelihoods of redundant employees and involved 261 direct participants.
- The program aimed at providing participants with the skills to set up their own enterprises, including credit options.
- The initiative was a collaboration between Holcim Lanka, a local bank and an institute that provided training in entrepreneurial skills.
- An evaluation after two years upon completion of the program revealed that 98% of the entrepreneurs were still in business and stated that they are now better off than during their years as employees.



### “Nem Luxo, Nem Lixo”, Holcim Brazil

- “Nem Lux, Nem Lixo” (neither luxury nor trash) is an micro-enterprise development project targeted at socially disadvantaged young adults in Cantagalo, Rio de Janeiro state
- Main goal is to collect used - domestic and industrial - oil and to manufacture soap from the oil and soap boxes out of recycled cement bags
- The project directly involves 670 people and has a budget of \$326'350
- The project receives funding from the Interamerican Development Bank



## Annex 2: Good practice examples, IUCN

### Hair product development in Honduras



#### Moskitia Pawisa Apiska - MOPAWI (Honduras) Ojon : a well kept secret

- MOPAWI is the Agency for development of the Mosquitia in Honduras
- It formed a partnership with Mosquito communities and the Ojon corporation, a Canada based multinational to develop and commercialize hair products from the region
- The main product being commercialized is based on the "ojon" oil, produced from the Batana or Ojon Palm, endemic species to the Mosquitia
- MOPAWI has played a key role in engaging the community in the sustainable harvesting of the nuts and the development of national first and then international supply chains
- The sustainable use of the Batan Palm has had a positive effect in limiting encroachment of agricultural areas in tropical forests

[www.mopawi.org](http://www.mopawi.org) and [www.ojon.com](http://www.ojon.com)



INTERNATIONAL UNION FOR CONSERVATION OF NATURE

### Ecotourism in Jordan



#### Royal Society for the Conservation of Nature (Jordan)

##### Wild Jordan: in the nature business

- Wild Jordan is the "entrepreneurial" division of the RSCN. Its main focus is ecotourism
- In the 6 protected areas managed by the RSPN, Wild Jordan offers ecotourism services to visitors, including campsites, guesthouses, guided tours
- Wild Jordan has also set up a line of handicrafts engaging communities in the development of innovative products
- In the center of Amman, Wild Jordan manages a shop which not only sells these handicrafts but also showcases the ecotourism products and the protected areas
- Forty percent of the RSCN budget is now secured through the operations of Wild Jordan

[www.rscn.org.jo](http://www.rscn.org.jo)



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### Annex 3: Five-Phase Approach – Checklist

<b>Phase 1 – Situation Analysis</b>	
Internal project team(s) of main project partners appointed	
Stakeholder Map developed	
Working group in project community identified	
Internal and external stakeholder analysis conducted	
Socio-economic assessment conducted <ul style="list-style-type: none"> <li>○ Assessment team identified</li> <li>○ Focus groups conducted</li> <li>○ Individual interviews conducted</li> <li>○ Findings summarized</li> </ul>	
Political situation/permitting systems analyzed	
Natural resources/biodiversity situation analyzed	
Existing markets and respective existing enterprises and value-chains analyzed	
Possible partners identified	
Project target group identified	
Working group (main partners plus community representatives) established	
Capacity of working group built	
<b>Phase 2 – Strategy Development</b>	
Products and services for enterprise development identified	
Market potential for identified products/services analyzed	
Overall project strategy developed <ul style="list-style-type: none"> <li>○ # participants</li> <li>○ Finance partner</li> <li>○ Technical assistance partner</li> <li>○ Budget</li> <li>○ Milestones</li> <li>○ KPIs</li> <li>○ Timeline</li> </ul>	
Individual project participants (i.e. micro entrepreneurs) and their respective business opportunity appointed	
Respective value-chains analyzed	
Action plan per micro entrepreneur or groups of micro entrepreneurs developed	
<b>Phase 3 – Business Plan Development</b>	
Partners contracted	
Business plans per individual entrepreneur or group of entrepreneurs developed <ul style="list-style-type: none"> <li>○ Mission and vision</li> <li>○ Legal status</li> <li>○ Goals and objectives</li> <li>○ Budget needs</li> <li>○ Marketing strategy</li> <li>○ KPIs</li> </ul>	
Action plans per individual entrepreneur or group of entrepreneurs developed	
Business plans reviewed by external experts	
Key constraints and mitigation measures identified	
Financing secured	
<b>Phase 4 – Integration into value-chain</b>	
In-depth analysis of value-chain for individual products and services conducted	
Opportunities for individual products and services of multinational companies evaluated	
Opportunities for clusters, cooperatives or networks of entrepreneurs with the same/similar products/services evaluated and respective clusters/cooperatives/networks formed	

Enterprises in operation	
Micro entrepreneurs embedded in value-chain	
Opportunity fro certification of product/service evaluated and certification sought	
Monitoring system set up and started	
<b>Phase 5 – Monitoring and Evaluation</b>	
Constant participatory monitoring of individual enterprises/clusters in place	
Impacts of individual enterprises/cluster measured <ul style="list-style-type: none"> <li>o After 6 months of operation</li> <li>o After ___ months of operation</li> </ul>	
Business plans of individual enterprises/cluster reviewed <ul style="list-style-type: none"> <li>o After 6 month of operation</li> <li>o After ___ months of operation</li> </ul>	
Competitiveness of individual enterprises/cluster analyzed	
Learnings captured and exchanged with other micro entrepreneurs	