



ALTERNATIVE LIVELIHOODS DEVELOPMENT FRAMEWORK

GUIDELINES FOR THE IDENTIFICATION, SELECTION AND DEVELOPMENT OF ALTERNATIVE ENTERPRISE OPPORTUNITIES

A DOCUMENT OF CARE KENYA'S LIVELIHOODS DIVERSIFICATION AND MARKETING TECHNICAL WORKING GROUP

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List of Acronyms

ALHS	Alternative Livelihoods
BDS	Business Development Services
ED	Enterprise Development
ELMT	Enhanced Livelihoods for the Mandera Triangle
I R	Intermediate Results
LD&M	Livelihoods Diversification and Marketing
TWG	Technical Working Groups
TA	Technical Advisor
MSME	Micro Small Micro Enterprises
MMWFP	Making Markets Work for the Poor
SEED	Small Enterprise Economic Development (SEED) Programs
VS&L	Village Savings and Loans

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Introduction

Summary

This Alternative Livelihoods framework provides guidelines on the process involved in the identification, selection and development of income generating activities intended for communities living in the pastoral cross-border region of Ethiopia, Kenya and Somalia.

The guidelines define the context and scope of Alternative livelihoods activities within the project, provides guidance on the stages and methods involved in the different stages of enterprise development, and suggests a time-frame and expected outputs of the process.

The guidelines are based on CARE Kenya's experience with implementing market-based economic development programs, and are intended to provide technical support to partner organizations in the Enhanced Livelihoods for Mander Triangle (ELMT) Project who are implementing activities aimed at developing alternative livelihoods. The specific objectives of this framework are:

1. Define the Scope and Context of alternative livelihoods activities that specifically address the needs of pastoralists living in the ELMT Project Region
2. To provide guidelines on the process, principles and considerations involved in the identification, selection and development of alternative income generating activities for practitioners in the Pastoral Regions
3. Develop a foundation for best practice in the design, implementation and development of alternative livelihoods activities for partner organizations implementing alternative livelihoods activities within the ELMT Project Region
4. Initiate a Learning and information sharing process through which feed-back is solicited on the practicability and use of the framework and the challenges faced in implementing alternative livelihood interventions.

Background

The Enhanced Livelihoods for Mander Triangle (ELMT) Project is a Dry-land Resilience Initiative (DLI) that seeks to increase the self-reliance and resiliency of the pastoral population in drought prone pastoral areas in the Oromia and Somali regions of Ethiopia, Somali and Kenya constituting the Mander Triangle (the Mander Triangle, identified as the cross-border region of Ethiopia, Kenya and Somalia), through interventions that focus on improving their livelihoods.

The ELMT programme is implemented by a consortium of six organizations - CARE (Kenya, Somalia & Ethiopia) and its consortium members (SCUS, SCUUK, VSF Suisse) whom manage various programme activities aimed at improving pastoralist's livelihoods and increasing their self-reliance and resiliency.

The ELMT project activities are focused on attaining various Intermediate results (IR) or outputs that are expected to result in achieving 3 strategic objectives, namely,

1. Reducing the requirements for emergency assistance of populations living in pastoral areas in the event of a drought, economic or conflict-driven livelihood shock;
2. Increasing household incomes and economic resiliency of populations living in pastoral areas; and
3. Strengthening the conditions for pastoralists to participate in broader social & economic development processes

Roles of Thematic Technical Working Groups

Technical Working Groups (TWG) headed by a Technical Advisor (TA) spearheads various thematic areas based on the Intermediate Results (IR). The Livelihoods Diversification and Marketing (LD&M) TWG focuses on programme activities aimed at achieving the following intermediate results:

- 1) Improved livestock production, health, & marketing; and
- 2) Strengthened alternative, complimentary and enhanced income sources

Based on its expertise and experience in implementing economic activity and livelihood programmes CARE Kenya was selected as the lead member of the Livelihoods Diversification & Marketing (LD&M) Technical Working Group (TWG). Headed by an advisor, the role of the Livelihoods Diversification Advisor is to spearhead the design and planning for alternative livelihoods among pastoralist and agro-pastoralist communities within the ELMT project area. Specially, this entails the following objectives;

- 1) Providing technical guidance to all ELMT partners in developing appropriate strategies for exploring alternative livelihoods with a view to diversifying the income base of the target communities.
- 2) Collating and sharing with ELMT partners relevant research material developed on alternative resources in the project area and their potential for exploitation.
- 3) Establishing common methods and approaches for harmonization across the DLRI program

Purpose of the Alternative Livelihoods Framework

The ALHS framework therefore seeks to achieve the following objectives;

- 1) To provide guidelines on the process, principles and considerations involved in the identification, selection and development of alternative income generating activities for practioners in the Pastoral Regions
- 2) To provide guidelines on the Criteria, Methods and Tools used in the identification, selection and development of micro-enterprise
- 3) Define the Scope and Context of alternative livelihoods activities that specifically address the needs of pastoralists living in the Somalia Region of the North Eastern Africa

- 4) Develop a foundation for best practice in the design, implementation and development of alternative livelihoods activities undertaken by Partner organizations implementing alternative livelihoods activities within the ELMT Project Region.
- 5) Provide support to partner organization implementing activities for Intermediate Result 4 on livelihoods diversification

Document Overview

This framework contains 3 sections that represent the process of alternative livelihood development, which include definitions of the scope of alternative livelihoods, identification, selection and development of alternative livelihoods, and finally the monitoring of alternative livelihoods interventions. A staged step by step approach is used section and shows the output expected, the methods and tools used, and examples of results of each stage.

Section 1: – This section provides a definition of various terminologies of livelihoods, and seeks to describe the concept and scope of Alternative Livelihoods, within the context for which it is intended to be applied.

Part II- Provides a rationale for selection of the Enterprise Development (ED) approach in Implementation of Alternative Livelihoods Interventions, as well as the guiding principles governing Enterprise Development (ED) using CARE Kenya’s preferred “Making Markets Work for the Poor (MMWFP)” approach.

Section 2: This section describes the process involved in the identification, selection and development of enterprise or alternative livelihoods.

- i) Stage 1: Identification – Describes the steps and methods used to identify Alternative livelihood opportunities, include the information required to determine enterprise, the source/s of information, and methods used
- ii) Stage 2: Selection – Describes the process for selection of enterprises including the considerations and key perspective for enterprise selection, the selection of key criteria and the methods to determine which enterprise to select
- iii) Stage 3: Alternative Livelihoods /Enterprise Development – Describes the BDS Approach to enterprise development, and the considerations and criteria used in selection of each options. Finally describes the use of each tool

Section 3: Monitoring of Alternative Livelihoods Enterprise – Describes the monitoring strategy for enterprise development programmes and suggest key issues that the system should address.

An Annex containing appendices of further reading material and references, and a Terms of Reference on CARE Kenya Alternative Livelihood Assessment study

TABLE 1: FRAMEWORK FOR THE IDENTIFICATION, SELECTION & DEVELOPMENT OF ALTERNATIVE LIVELIHOODS

MAIN STEPS	MAIN PROCEDURES IN BRIEF	RESOURCES/ GUIDANCE
1. DEFINE THE SCOPE AND CONTEXT OF ALTERNATIVE LIVELIHOODS THAT THE PROJECT SEEKS TO ADDRESS	<ul style="list-style-type: none"> • Refer to ELMT Project & Livelihoods Strategies & approaches, e.g. Economic Security, Enterprise Development, ELMT Project proposal etc • Define the context / approach that is expected to contribute to Alternative Livelihoods strategic aims and objectives. • Justify and quantify the proposed level of service provision 	<p>ALHS Guidelines Section 1.0</p> <p>ELMT MMWFP Approach - C</p>
2. IDENTIFY THE ALTERNATIVE LIVELIHOODS OPPORTUNITIES	<ul style="list-style-type: none"> ▪ Define the expected outcomes and outputs. ▪ Define the information requirements of alternative livelihoods ▪ Establish the sources and methods for collecting that information ▪ Define methods for analyzing and collating the information ▪ Provide examples of alternative livelihood opportunities identified and the information availed 	<p>ALHS Guidelines Section 2. Stage 1</p> <p>ALHS Guidelines Section 2. Stage 2</p>
3. SELECT ALTERNATIVE LIVELIHOODS ACTIVITIES FOR IMPLEMENTATION BY THE PROJECT	<ul style="list-style-type: none"> ▪ Establish Key Considerations in Selection of Enterprises ▪ Establish Key principles governing the determination of criteria for enterprise selection ▪ Establish Key Perspectives for Enterprise selection under determine Criteria for each ▪ Determine weights for each perspective and Criteria ▪ Develop a ranking and weighting method ▪ Rank alternative enterprise based on method chosen and select for enterprise development 	<p>ALHS Guidelines Section 2. Stage 3</p>
4. DEVELOPMENT OF ALTERNATIVE LIVELIHOODS/ ENTERPRISE	<ul style="list-style-type: none"> ▪ Define various approaches to Enterprise Development ▪ Justify and quantify the level of services and support using the BDS approach ▪ Elaborate on the various BDS services and methods of determine their use ▪ Determine a Time-frame for the Entire Process of Identification, Selection and Development of Enterprises/Alternative Livelihoods 	<p>ALHS Guidelines Section 2. Stage 4</p>
5. MONITORING OF ENTERPRISE DEVELOPMENT	<ul style="list-style-type: none"> ▪ Definition of the M&E Strategy to Enterprise development ▪ State the limitation/scope of various methods – impact, output/ Quantative/qualitative ▪ Determine Tools and Time-frame for Enterprise Monitoring 	<p>ALHS Guidelines Section 3.</p>

SECTION 1 DEFINITIONS OF TERMINOLOGY ON LIVELIHOODS

- 1 Livelihoods – “A livelihood comprises the capabilities, assets (including both material and social resources) and activities required for a means of living” *adapted from Chambers and Conway 1992¹*)
- 2 Sustainable Livelihoods - A livelihood is sustainable when it can cope with and recover from stresses and shocks and manage to enhance its capabilities and assets both now and in the future, while not undermining the natural resource base” (*Chambers and Conway, 1992*). (*Moser, 1996, Chambers, 1995*); (*DFID, 1998, Chambers, 1995, Moser, 1996*)
- 3 Household Livelihood Security: Livelihoods are secure when households have secure ownership of, or access to, resource and income-earning activities, including reserves and assets to off set risks, ease shocks, and meet contingencies (*Chambers 1998*)
- 4 Economic Security: Households have the capacity to generate sufficient income to satisfy the basic needs of the family, and to maintain or increase the goods necessary for the stability of the family economy: *CARE International Impact Indicators (99)*
- 5 Pastoralism: A source of livelihood, where livestock keeping is the predominant means of livelihood. *D. K. Ndagala, 1992*
- 6 Economic Livelihoods: Income earning strategies that seek to achieve economic goals (increased income/asset growth, etc) by engaging in income generating activities. Thus Alternative Livelihoods would include those economic activities that provide households with alternative income sources from their predominant means of livelihoods.

CONTEXT OF ALTERNATIVE LIVELIHOODS WITHIN THE ELMT REGION

- 7 Alternative Livelihoods within the context of ELMT project and pastoral sub-region where livestock is the economic mainstream refer to economic activities that are not directly related to livestock keeping i.e. livestock production for meat and milk and direct sale and barter of livestock.
- 8 For purpose of this framework, Alternative Livelihoods are those activities within the ELMT Pastoral Sub-Region that meet the following criteria:
 - a. Non-livestock based: Are Non-livestock based production activities including the breeding, husbandry, and direct sale and barter of livestock
 - b. Income Objective: Are business activities undertaken by participants with the direct objective of earning an income i.e. are income generating activities.

¹ reference Chambers R and Conway G (1992) *Sustainable rural livelihoods: Practical concepts for the 21st century* IDS Discussion Paper 296, IDS, Brighton

- c. Existing Opportunities and Enterprises: Income earning activities that are already in existence, or for which evidence of operations exists. Selection of targets will focus and based on existing and potential micro-enterprises, entrepreneurs and opportunities
- 9 Alternative Livelihood Categories within the sub-region
- a. Value added livestock activities including the exchange, processing and marketing of livestock by-products such as milk and meat products processing and marketing, hides and skins processing and marketing, and fodder production etc which are complementary to livestock keeping and would be considered as alternative livelihoods.
 - b. Crop Agricultural activities including production, processing and marketing, forest based products and activities, leather based activities, metal, construction related activities, personal services activities, other services et

ALTERNATIVE LIVELIHOODS APPROACH

Based on the above understanding and defined criteria of economic activities that constitute alternative livelihoods, an Enterprise Development (ED) approach which seeks to develop and grow enterprises and economic opportunities by providing services that address their particular needs is preferred. The enterprise approach uses business vehicles, entrepreneurship, market approaches, and strategic-orientation of a for-profit business in supporting micro-enterprises

TERMINOLOGY IN ENTERPRISE DEVELOPMENT

- 1) Micro-Enterprise: Enterprise/s usually with 1 or few individuals or households creating self-employment. More often than not in the informal economy
- 2) SME: Small and Medium Enterprise: No universal definition and relative / context specific. Small Enterprise <50 employees
- 3) A Sub-sector can be defined as a vertically integrated group of enterprises (both large and small) that deal with the same product group. A sub-sector includes enterprises that produce or procure raw materials, enterprises that process them, and enterprises that sell the finished products (both wholesale and retail)
- 4) A Sub-sector Approach is therefore one that focuses on the interrelationship between many different actors within a targeted sub-sector, and also one that focuses interventions on the needs of specific trade groups
- 5) Business Development Services (BDS): Refers to wide range of services used by entrepreneurs to help them operate efficiently and grow their business with the broader purpose of contributing to economic growth, employment generation and poverty alleviation. (ILO BDS Primer 2003) *Focus on promoting access to and use of these services by Micro-Small Micro Enterprises (MSMEs)*

JUSTIFICATION FOR ENTERPRISE DEVELOPMENT APPROACH

- 1) Short Duration of Project:: The duration of the ELMT project is 24 months and relatively short-term to realize and achieve the desired changes in livelihoods as implied by alternative livelihoods that require more time in addressing the underlying problems and issues related to developing alternative livelihoods
- 2) Alternative Livelihoods Process - The process of initiating and finally developing alternative livelihoods including the detailed analysis of current and proposed livelihoods strategies and the linkage of people's skills, needs, aspirations or capacities, and markets etc to the wider social, political and economic environment, requires a considerably longer duration than the ELMT project; and
- 3) Results mostly in recommending long-term development interventions that address broad sectoral issues such as education development, health and water and sanitation programmes, governance and institutional capacity development etc whose scope and resources requirements are beyond the focus of the ELMT project
- 4) ELMT Project Goals: The EMLT Project had recognized considerable experience and expertise amongst the Partners organizations with developing alternative livelihoods, and had identified both pastoralists and pastoral drop-outs as the target for support in strengthening existing alternative livelihoods and in developing appropriate complementary activities.
- 5) CARE Kenya has considerable expertise and experience in managing successful market based economic programmes etc which are founded on markets based approaches and principles. The Making Markets Work for the Poor (MMWFP) approach is a foundation approach to enterprise development

PRINCIPLES GUIDING ALTERNATIVE LIVELIHOOD DEVELOPMENT

Making Market Work for the Poor (MMWFP) Concept

Based on a Strategy "Making Business Work for the Poor" (2004) published in 2004, which recognized that:

1. Small Micro –Enterprises in developing countries can drive job creation, innovation and growth
2. That entrepreneurs operating at the margins of the formal economy have no access to the legal system, financial and other resources needed
3. Sought to build on, learn from and formalize previous & existing market-based programming (1997-2004).

The Making Market Work for the Poor (MMWFP) concept comprises seven principals and shown in the box below.

Box 1: Making Market Work for the Poor Principles

Principles

1. *Mix Grant AND Investment*

Utilize and Blend both Grant and Investment Capital, with;

- Grant capital to cover start-up costs that a private sector investor would not reasonably assume. E.g. capacity building, community mobilization, etc and;
- Investment capital for normal business costs

2. *Engage the Private Sector Commercially*

- Engage Not just in Philanthropy with CARE or other NGOs as a ‘mirror’ But
- As a Social Enterprise...with CARE as ‘window’

3. *Think Beyond Credit and utilize the Three Pillars of Enterprise, which are:*

- Access to Capital;
- Business Development Services and
- An Enabling Environment

4. *Aggregate Supply and Demand*

- Aggregate supply to leverage the benefits of economies-of-scale for poor communities and small and micro entrepreneurs.
- Aggregate demand to create economies of scale thereby providing substantial buying and consumption power for the low income earners.

5. *Formalise Ownership*

- Formal recognition of the assets & equity through legal registration
- Legally recognized documents are transferable and can be used to secure credit lines e.g. share capital, land title, etc.

6. *Start with the Market and work backwards*

- Use a demand-driven approach versus supply-led, and work backwards from the market demands in order to identify points of leverage for opportunities

7. *Adhere to Business Basics...*

- People respond to incentives, so Integrate management and business skills training
- Develop a business plan and use standards business benchmarks and financial statements to measure profitability
- ... But localize for success

Source: Excerpts from Farouk Jiwa's Presentations on Enterprise Development

SECTION 2: PROCESS INVOLVED IN THE IDENTIFICATION, SELECTION AND DEVELOPMENT OF ENTERPRISES

STAGE 1: THE IDENTIFICATION OF ALTERNATIVE LIVELIHOODS ACTIVITIES AND OPPORTUNITIES

This section describes the process involved in identifying enterprises or alternative livelihood opportunities. It provides guidelines on the kind of information needed to identify enterprises, methods and tools used in collecting or collating that information and the suggests various sources of the information

IDENTIFICATION OF ALTERNATIVE LIVELIHOOD OPPORTUNITIES

Step 1: How do we know what alternative livelihood opportunities and enterprise exist within the area or sub-region?

- A) What type of opportunities are we looking for?
 - i) Individuals or groups undertaking non-pastoral based economic activities including production, processing, procuring and marketing of commodities, as well as those involved in provides services to earn income
 - ii) Organizations and Institutions including the private sector undertaking economic activities within the defined sub-region and which either purchase or supply goods and services to the communities
 - iii) Local organizations that support and work with individuals and groups in the provision and development of services
 - iv) Financial Institutions and Micro-finance institutions and programmes that provide financial services to small micro-enterprises
 - v) Trade and marketing associations involved in providing various support to their members involved in various enterprise and economic activities

- B) What information do we intend to get from the above stakeholders
 - i) Overall economic activities undertaken by households in the target sub-region or area, by pastoral and non-pastoral categorization
 - ii) Main Sources of Income or livelihoods by Employment, Businesses, and Agriculture & Livestock. Sectoral Contribution to Household Income
 - iii) Percentage of Non pastoral Income Generating Activities by sector and Industry classification
 - iv) No of persons operating enterprises and percentage distribution of enterprises by sector, sex, registration status, and Location
 - v) The nature of interaction, support and exchange by organizations that deal with individual and group enterprises.
 - vi) Markets for the various non-pastoral goods and services supplied by the household
 - vii) Skills, labour, capital sources and assets held or used by the households in undertaking non-pastoral income sources

C) What are the other sources of Information methods on the above

1. Community members and groups
2. Individual entrepreneurs involved in economic activities
3. Organizations and Programmes providing business development services to the communities
4. Studies and Evaluations including livelihood baseline studies sub-sector and market studies, as well as project evaluations and baselines.
5. National and Regional Data and Survey - National Welfare Monitoring and Household Budget Surveys, as well as District Development Plans and Trade Statistics
6. Key informants or sector specialists involved in the region and SME sector

D) Suggested Methods and Tools for collecting the information required

There are numerous methods for identifying the alternative livelihood activities and opportunities, and their use is dictated by the depth of information required. At the formative stage of enterprise or alternative livelihoods identification, the cost effectiveness is advised.

E) Methods for Data Collection

- 1) Focused group discussions with entrepreneurs and groups involved in different economic activities
- 2) Informal meetings with trade representatives and
- 3) Formal meetings and discussions with financial, trade association, private sector markets and suppliers, as well as with organizations and programmes that work with SMEs
- 4) Stakeholders workshop to deliberate on information already collated to review the relevance and applicability
- 5) Secondary literature review and objective analysis with BDS/SMEs sector experts
- 6) Sub-Sector Analysis – Process that examines the relationships between enterprises that produce, procure, process, and distribute goods within a single product group

F) Tools Used in Identifying Alternative Livelihood Opportunities

There are numerous tools used in the identification of enterprises by CARE's Small Enterprise Economic Development (SEED) Programs and Projects. Examples of some of the tools used by various projects are:

- 1) Stakeholder Mappings by the SEEP programme in Mozambique
- 2) A Scooping Study by CARE Kenya's ELMT Project
- 3) A stakeholders workshop involving different stakeholders
- 4) Sub-Sector Analysis

The example below shows a listing of alternative livelihoods identified by Partner Organizations during the ELMT TWG meeting in Addis Ababa, Ethiopia.

Table 2: Alternative Livelihood Opportunities by broad sector classification

Sub-Sector	Activities and Type
1. Agriculture Based	<ol style="list-style-type: none"> 1) Horticultural Production & Marketing 2) Camel and Cattle milk marketing 3) Meat Processing (Nyirinyiri) 4) Fodder Production and Hay making. 5) Small Scale livestock fattening
2. Forest and Natural Resource Based	<ol style="list-style-type: none"> 1) Gum & Resins 2) Palm/Mats Making / Art and artifacts 3) Beekeeping 4) Herbs 5) Aloe Vera
3. Leather Based	<ol style="list-style-type: none"> 1) Hides & Skins Marketing 2) Leather Tanning and Production
4. Metal and Construction Based	<ol style="list-style-type: none"> 1) Brick making 2) Black-smiths 3) Lime Production 4) Masonry and other construction
5. Other Service Based	<ol style="list-style-type: none"> 1) Group Savings and Loans (GS&L) 2) Eco Tourism 3) Traditional culture 4) Cross border trade & marketing Information 5) Other general services & trade

Table 3 below shows enterprises identified by the CARE Kenya scoping study

Type of intervention	Group(s)/ Organization	Specific Activities/ Assistance
GARISSA		
Marketing Horticulture/ Fodder pods	Womankind	Marketing mangoes, melons, onions in Nairobi
		<i>Prosopis</i> pods to Sigma Feeds
Camel milk marketing	Garissa Camel Milk Dairy and Marketing Group	Dairy has plot & building from ALLPRO, needs milk cans, 'fridge (CS)Promotion in Nairobi
Processed meat marketing	<i>Bulla Riig Nyiri Nyiri</i> Women's' Group	Train in product valuation. Market in Diaspora (Alpha F Foods), Promotion in Nairobi/
Mobile Outreach Service	Millenium Village, Dertu Youth	Train in Mobile Outreach, CAHWS, CASPROs & VHAs. Use camels for transport(CS).(FARM-Africa & KCA)
Other alternatives		

Beekeeping	Women (WAIK) Advancement Initiative, Kenya	Link with Honey-Care Kenya for Marketing. Promotion in Nairobi.
Ethno-tourism	Gargar Women's Group	Assist with market promotion e.g. Nomad Hotel, Garissa & Nairobi (CS)

Source: CARE Kenya Scooping Study

G) Criteria for Sufficiency of Information: Information provided in the tables by both processes only gives an indication on the type of alternative livelihoods practiced or observed within the sub-region, as well as the general location of groups undertaking these activities.

The information availed in both instances is insufficient to proceed to the next stage of enterprise selection as it is inadequate to answer criteria and the recommendations are irrelevant as they are not based on any facts

Table 4: Example of Information Required for an Alternative Livelihood

1)	Enterprise Type – Milk Marketing within the region/district
2)	Activity Description by Function & Marketing Chain
	i) Initial milk sold in rural settlements by pastoral women
	ii) Milk processed by boiling at peri-urban settlements and packed in plastic containers/jerricans
	iii) Milk transported by trucks to urban centres and delivered at milk stands and to middle-traders-women
	iv) Processed milk sold directly to individual buyers and other contracted establishments e.g. hotels, schools, hospitals, etc
3)	Market Demand and Enterprise Data
	i) Consumption and /Demand for Milk within the Region/Area
	ii) Volume of Milk Traded monthly per year and by season (dry/wet)
	iii) Number of suppliers/traders and the quantities supplied at each stage by seasons (dry/wet)
	iv) Quality of the milk and other quality control issues
	v) Prices earned from sell of milk by different participants at different stages
	vi) Capital or resource requirements at each stage
	vii) Estimated demand for milk in the region, and the percentage supply met
	viii) Constraints analysis of milk marketing - Market access, product knowledge/level of technology, financing needs/sources, skills levels etc
	ix) A map of the milk marketing chain within the region
	x) Other sub-sector linkages and information – Other industry stakeholders companies/suppliers, market size, source, product type, etc

STAGE 2: SELECTION OF ALHS OPPORTUNITIES FOR ENTERPRISES DEVELOPMENT

Step 1: General considerations in selection of ALHS/Enterprises

This include holistic and project related conditions that alternative livelihoods must meet to be considered for participation and support

Box 2: General Enterprise Development Design Considerations

- Groups vs. Individuals: Pros and Cons
- Encouraging Women / Youth participation in Enterprise
- Is everybody an entrepreneur?
- Perishability of commodity and infrastructure constraints
- Will the poor really pay a fee for service?
- Explaining record keeping and business basics
- Forward Contracts: Securing a Market
- Encouraging private sector participation and building partnerships
- Negotiating with buyers and getting the best price
- The power of Aggregation
- The importance of Quality Control
- Honoring commercial obligations and commitments: side-selling and low-balling
- Convergence of interests and creating 'win-win-win' solutions with other stakeholders
- Risk Mitigation
- Project exit and longer-term sustainability

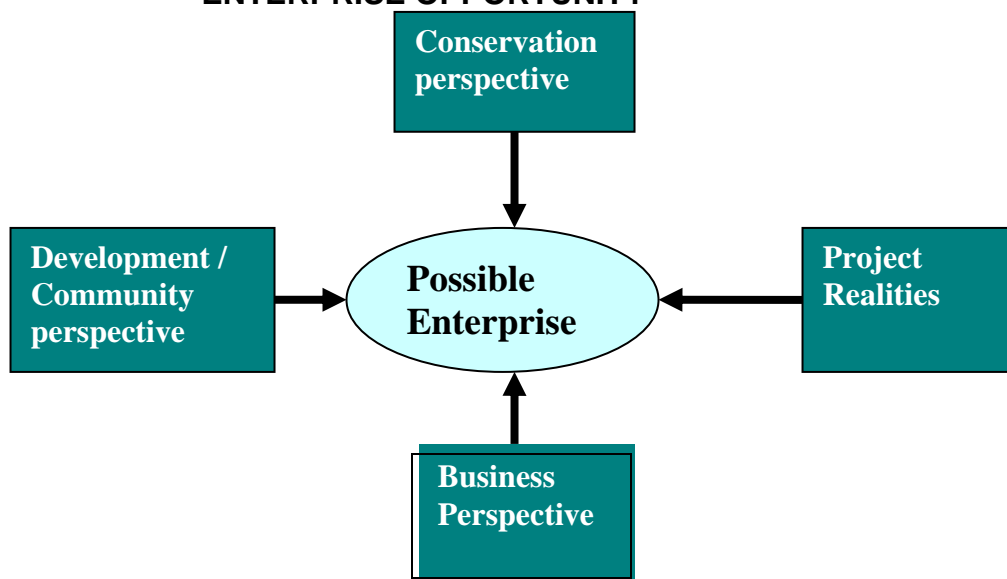
Guiding Principles in Enterprise Selection

1. Systematic: Provides a methodical approach in the processes of enterprise selection
2. Focused: Clear goals and objectives on what to be attained
3. Cost-effective: Conscious of time, costs etc in relation to the needs and demands of the process
4. Consistent: Consistent in application across different situations and programs while being sensitive of different contexts.
5. Objective: Capable of demonstrating relevance in serving the needs for which it is used and applied
6. Accountable: Prove of relevance and value in its use & application

4 Key Perspectives for Assessing Enterprise Opportunities

1. Conservation Perspective
2. Business Perspective
3. Development and Community Perspective
4. Project Realities

Figure 1: KEY PERSPECTIVES FOR ASSESSING ANY ENTERPRISE OPPORTUNITY



KEY PERSPECTIVES FOR ASSESSING ANY ENTERPRISE OPPORTUNITY

1. DEVELOPMENT AND COMMUNITY PERSPECTIVE

- Number of Beneficiaries
- Gender
- Vulnerable / Marginalized Groups
- Total Income / (Net) Income per capital
- Cohesion and group skills + Individual skills development
- Equity/ Sustainability
- Process, involvement, engagement, participation
- Timeframe to benefits
- Location
- Conflict-sensitive

2. CONSERVATION PERSPECTIVE

- Do no Harm
- Relevance to key NRM processes within project impact zone
- Relation to one or more of the 4 Pathways
 - i) Decoupling (e.g. enterprise with similar product traders)
 - ii) Coupling (e.g. Ecotourism)
 - iii) Goodwill / trust / confidence towards conservation through enterprise
 - iv) Alleviate acute vulnerability (e.g. VSL)

3. BUSINESS PERSPECTIVE

- Start-up and /or going concern
- Demonstrated market
- Market Characteristics: Growing (size, volumes, price) & Stable
- Capital Requirement: Investment & smart grants levels
- Recognize BDS and TA requirements – now and in the future
- Time to Break Even; Profitability
- Ensure business plan elements are incorporated
- Regional opportunities / dimensions
- Encourage and promote linkages / partnerships with private sector and others
- Availability / stability of human capital, raw materials, processing equipment, packaging, etc
- Spin-Offs
- Diversification

4. PROJECT REALITIES

Some things to think about

- Can it be done within project timeframe?
- Timeframe to visible / tangible benefits? Quick wins?
- Project impact zone considerations
- Can it be done within the allocated resources?
- Do we have the internal capacity?
- Will it be time- / labour intensive?
- Leveraging CARE's areas of expertise and previous experience and current capacity
- Previous interventions in the sector / area
- Mindful of the TA and BDS limitations later on
- How it fits with other components
- Exit and Sustainability

Step 3: Determining Criteria for Selection of Enterprises/ALHS

- i) Is there sufficient information to assess identified enterprises based on the broad perspective and per criteria
- ii) Select and rank each perspective based on project goals and objectives
- iii) Select minimum key criteria for each themes or perspectives
- iv) Selecting the number of criteria per each perspective
- v) Determining Weights for each criteria and per perspective

STEP 4: How to Apply Criteria in Selecting Enterprises

- i) Develop weights for each criteria to assess each enterprise based
- ii) Score each of the alternative options and enterprises
- iii) Selection and review of the enterprises selected

To determine the criteria for enterprise of sub-sector selection projects should refer to programme objectives and how they expect to maximize impact. Criteria chosen can be on the basis of sector-wide applicability, sub-sectors with the largest number of MSEs/beneficiaries or market potential. Others criteria that focus on environmental and gender mandates that can be included.

Methods for Selection of Enterprise

Mainly involves Focused Groups Discussions in Workshops that include sub-sector experts, project practitioners, private sector firms, and other relevant stakeholders

Below is a list of some of the criteria that the ELMT Alternative Livelihoods Projects may select for enterprises and economic activities identified in the scoping and stakeholder consultative workshops and mapping

Table 5: Example of format for enterprise ranking and selection

Perspectives	Criteria	Camel Milk	Meat Processing	Bee-keeping
Business Perspective	Demonstrated market	3	3	2
	Start-up (1)and /or going concern (5)	3	3	3
	Market Growing & Stable	2	2	3
	Regional opportunities / dimensions	4	4	3
	Encourage & promote linkages / partnerships with private sector	3	4	4
Development Perspective	Number of Beneficiaries	5	3	4
	Gender	5	5	5
	Process, involvement, engagement, participation	3	3	4
Project Realities	Can it be done within project timeframe?	4	3	3
	Timeframe to visible / tangible benefits?	4	3	3
	Previous interventions in the sector / area	3	2	4
Conservation Perspective	Do no Harm	4	4	4
	Relevance to key NRM processes within project	3	2	5
		<u>46</u>	<u>41</u>	<u>47</u>

Under the above criteria, bee-keeping would score the highest and would be selected for further sub-sector analysis and implementation.

A consideration for ranking is the weight to give to particular enterprise, or the number of criteria by each perspective? A possible solution to this would be the establishment of a weighted ranking system.

Table 6: Enterprise selection criteria and ranking for the SEEP Project - Mozambique

Commodities/Subsectors	Information easily available	Support service providers at hand	Business partners at hand	Potential benefit (# of people)	Results realizable in short term	Market Available	Suitable for vulnerables	Total	
Low:1; Medium:2; High:3									
Pineapple	1	1	2	3	2	2	1	12	
Cashew	2	2	1	3	2	2	2	14	organic
Livestock market chain	2	1	2	3	3	3	1	15	Mabote & Govuro
Cassava (processing)	2	3	1	3	3	1	0	13	
Arts and Crafts	1	1	0	1	1	1	3	8	
Sesame	1	0	0	2	1	1	1	6	
Biodiesel (jatropha)	1	2	1	3	1	1	1	10	
Aloe vera	0	0	0	2	1	2	1	6	
Seaweed (Sponge) farming								0	
Fish and Prawn marketing chain								0	
Forest tree oils (mafura, baobab)	3	1	3	1	3	2	2	15	
Essential oils (lemon grass, tea tree?)								0	
Vegetable production (tourist sector)	3	1	3	2	3	2	1	15	Go
Ecotourism (camp site on bazaruto)	2	1	3	2	2	2	2	14	
Spices (chilly and piripiri sauce production)	1	0	2	2	2	3	2	12	
Poultry production	2	1	2	3	3	3	3	17	Bird flu threat
Seed multiplication and seed supply agents	2	3	3	3	2	2	1	16	Mabote & Govuro
Honey	1	3	1	2	1	2	1	11	
micro enterprise development (kiosks, etc)	1	3	1	2	3	3	3	16	VII

5) In the above selection process, 5 enterprises or alternative livelihoods were selected based on scoring 15 points and above. This enterprise included; Poultry production, Livestock marketing chain, seed multiplication, micro-enterprises, and vegetable production.

STAGE 3: DEVELOPMENT OF ENTERPRISES/ALHS OPPORTUNITIES

What Next for the Selected Enterprises

- 1) Is there more information required to establish what needs to be done to development the enterprise opportunity?
- 2) Whether yes or not, use the range of Business Development Services (BDS) to establish the requirements and needs of the business or enterprises

Step 1: Determining the Requirements and Needs of Enterprises

1) What are Business Development Services? Refer to wide range of services used by entrepreneurs to help them operate efficiently and grow their business with the broader purpose of contributing to economic growth, employment generation and poverty alleviation. They focus on promoting access to and use of these services by MSMEs.

- i) Refers to specialized support and training provided to a project, community, or enterprise
- ii) Provided by specialists, consultants, trainers, advisers, etc. contracted for the transfer of know-how and skills
- iii) Could be in the form of advice, recommendations, information, demonstrations, and materials.

2) These range of services include Market access Input supply, Technology and product development, Training and Technical Assistance, Infrastructure, Policy / Advocacy and Alternative Financing Mechanisms

Step 2: Determining Which BDS to provide selected Enterprises/ALHS

Figure 8: Framework for BDS Market Sustainability

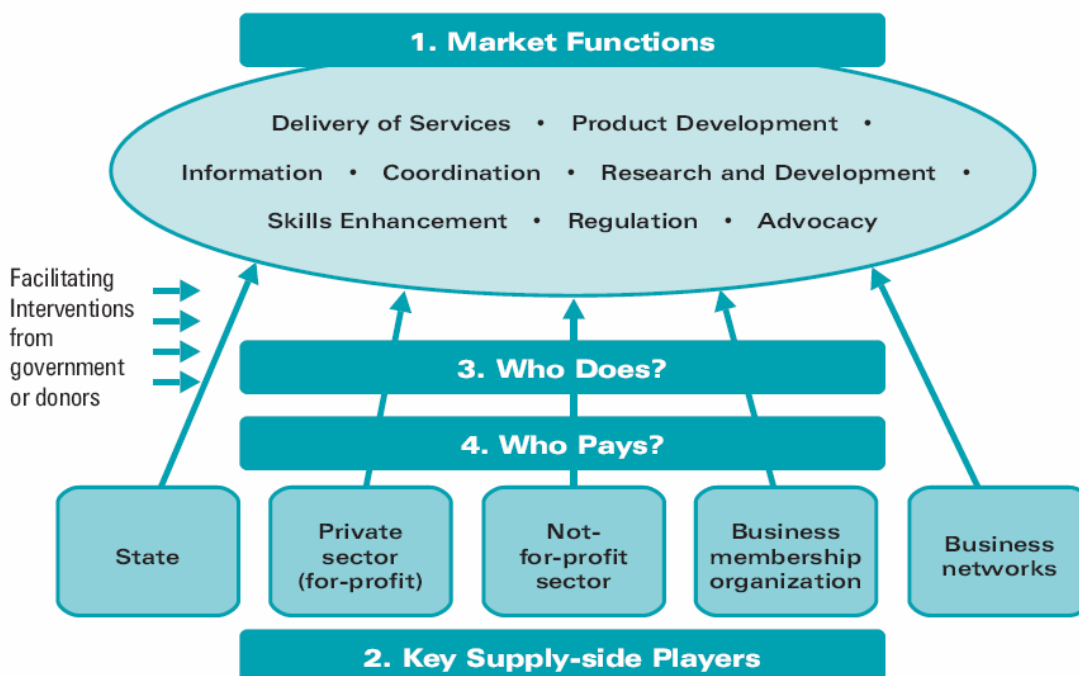


Figure 2: Types of Business Development Services

The SEEP Guide to Business Development Services identifies seven BDS categories: market access, input supply, technology and product development, training and technical assistance, infrastructure, policy/advocacy, and alternative financing mechanisms. Examples of services under each category are provided below.

Market Access:	<ul style="list-style-type: none"> ■ marketing business ■ market linkages ■ trade fairs and product exhibitions ■ development of samples for buyers ■ market information ■ subcontracting and outsourcing 	<ul style="list-style-type: none"> ■ marketing trips and meetings ■ market research ■ market space development ■ showrooms ■ packaging ■ advertising
Infrastructure:	<ul style="list-style-type: none"> ■ storage and warehousing ■ transport and delivery ■ business incubators ■ telecommunications ■ courier 	<ul style="list-style-type: none"> ■ money transfer ■ information through print, radio, TV ■ internet access ■ computer services ■ secretarial services
Policy/ Advocacy:	<ul style="list-style-type: none"> ■ training in policy advocacy ■ analysis and communication of policy constraints and opportunities 	<ul style="list-style-type: none"> ■ direct advocacy on behalf of SEs ■ sponsorship of conferences ■ policy studies
Input Supply:	<ul style="list-style-type: none"> ■ linking SEs to input suppliers ■ improving suppliers' capacity to provide regular supply of quality inputs 	<ul style="list-style-type: none"> ■ facilitating the establishment of bulk buying groups ■ information on input supply sources
Training and Technical Assistance:	<ul style="list-style-type: none"> ■ mentoring ■ feasibility studies and business plans ■ exchange visits and business tours ■ franchising ■ management training 	<ul style="list-style-type: none"> ■ technical training ■ counseling/advisory services ■ legal services ■ financial and taxation advice ■ accountancy and bookkeeping
Technology and Product Development:	<ul style="list-style-type: none"> ■ technology transfer/commercialization ■ linking SEs and technology suppliers ■ facilitating technology procurement 	<ul style="list-style-type: none"> ■ quality assurance programs ■ equipment leasing and rental ■ design services
Alternative Financing Mechanisms:	<ul style="list-style-type: none"> ■ factoring companies that provide working capital for confirmed orders ■ equity financing ■ facilitating supplier credit 	

SECTION 3: MONITORING ENTERPRISE DEVELOPMENT PROGRAMS

Objectives of Alternative Livelihoods: Increased opportunities for growth and Income

1. Considerations in Enterprises Monitoring & Evaluation Systems

- i. When tracking enterprises or businesses, combine the development (social & environmental) measures with aspects from the financial performance of a business
- ii. The goal of the enterprise is to generate value and hence M&E should focus on what is relevant to the businesses – Profitability, Services delivery, Customers and markets, etc. Hence try to balance the information need for project purpose and that which an enterprise can reasonably provide.
- iii. Identify 3-4 key indicators that will measure what is relevant to the enterprise, and agree jointly with enterprise on which kind of indicators can be measured, and explain the reasons and information required.
- iv. Also agree on the frequency, documentation, external / third party verification
- v. Finally determine how M&E will help both the enterprise and the development organization?

2. Measuring Impact: Developing Triple Bottom Line (Social, Economic, Environmental) Metrics for Enterprise Development

Expected Outcomes Indicators of Enterprises

- i) Δ /Increase in Income for ALHS participants
- ii) Δ /No of Participants accessing ALHS opportunities
- iii) Δ /Growth in enabling environment (BDS) for enterprise growth
- iv) Δ / Growth in Pastoralist Capacity to Manage enterprises/ALHS

3. Objectives to measure from a development organization's perspective:

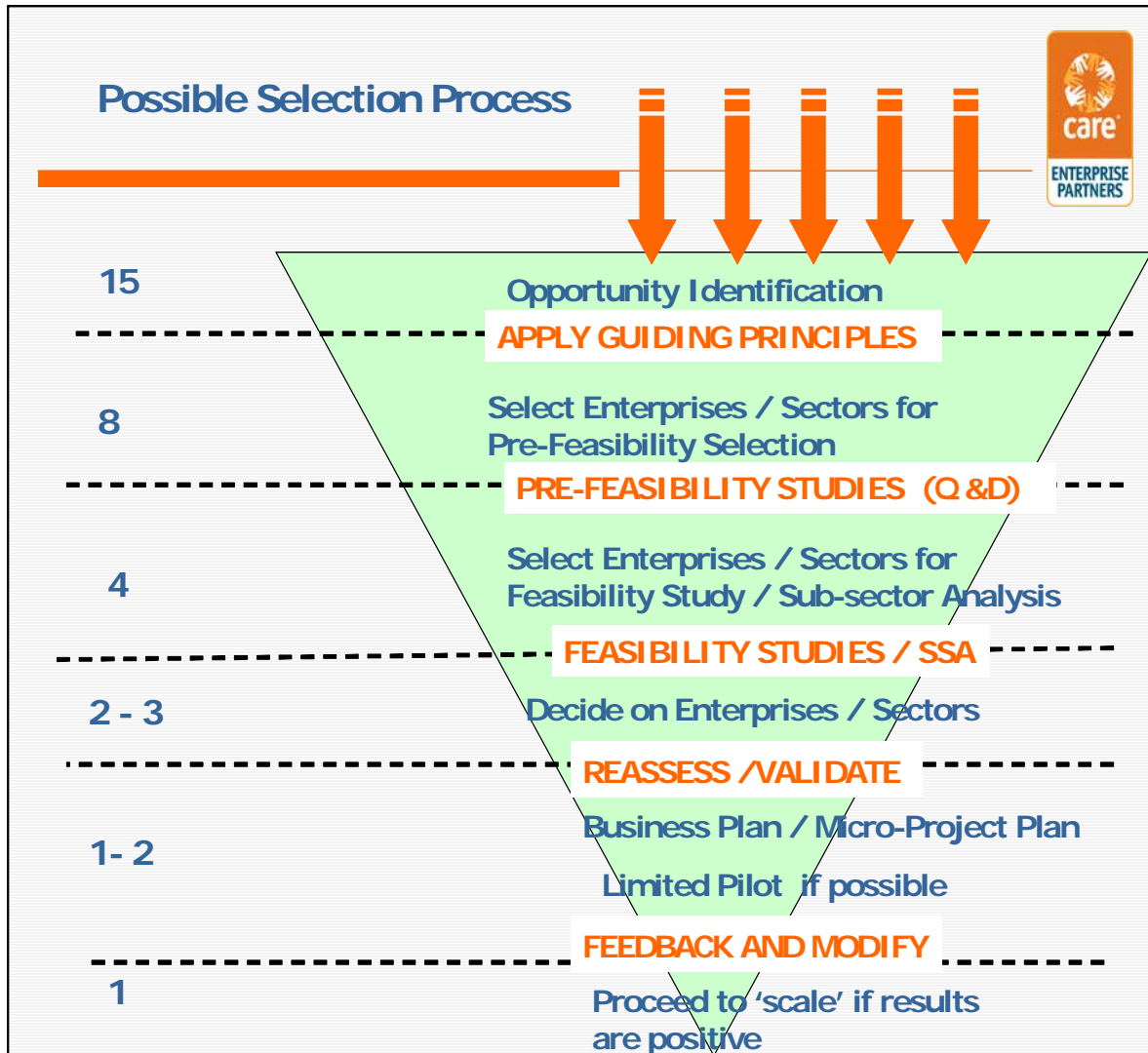
- i. Impact
- ii. Outreach
- iii. Sustainability
- iv. Cost-effectiveness

4. Objectives to measure from an enterprise perspective

- i. Profitability
- ii. Increased market access and growth
- iii. Increased knowledge and skills business and management
- iv. Enabling business environment and services

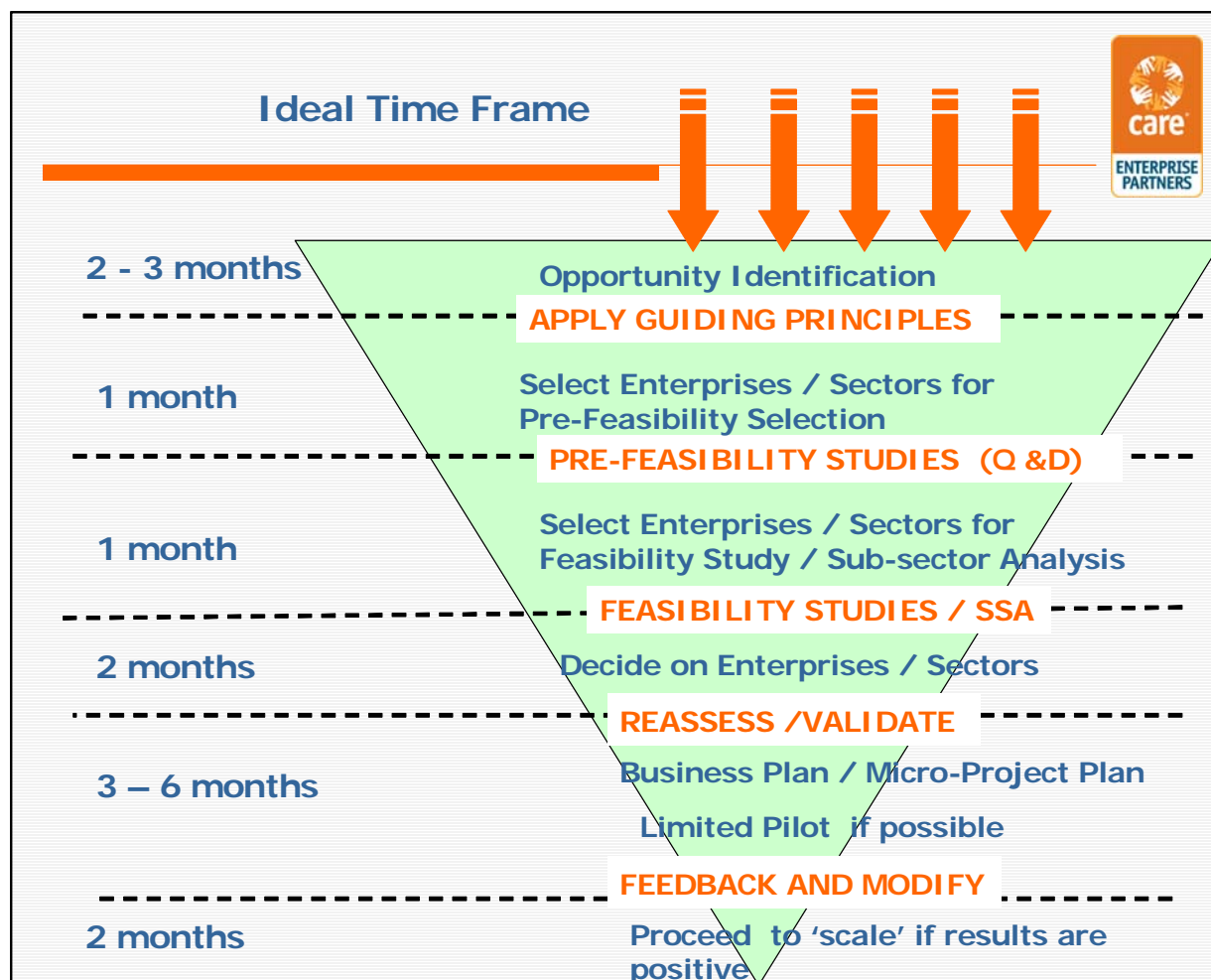
Enterprise Selection Process

Figure 3: Enterprise Selection Process



TIME-FRAME FOR ENTERPRISE DEVELOPMENT INTERVENTIONS

Figure 4: Ideal Time-Frame for Enterprise selection and Implementation



APPROACH AND ORIENTATION TO ENTERPRISE DEVELOPMENT

Various Approaches to undertaking enterprise development that are practiced by different programmes include:

1. Business Development Services
2. Investment Capital
3. Enabling Environment
4. Hands –on or Outsourcing for skills and expertise
5. Partnership with private sector/stakeholders
6. Inputs required given the limited time-frame and milestones
7. Development of Terms of Reference for specific inputs to enterprises

APPENDICES

1) Appendices 1: Bibliography

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- vi. Farouk Jiwa's Presentations: Excerpts from Articles and Presentation on Enterprise Development
- vii. CARE Program Manual, 1999
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2) Appendices 2: Further Reading and Reference Material

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5. *SEEP** Guide to Business Development Services: The SEEP Network is an organization of more than 60 international private and voluntary organizations that support micro and small business and microfinance institutions in the developing world. www.seepnetwork.org
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8. CARE Canada and its Country Offices around the World, 2004: Unleashing Entrepreneurship: Making Business Work for the Poor (2004)
9. UN Commission on the Private Sector and Development co-chaired by former Canadian PM, Paul Martin; The Company Triangle matrix

Resources:

10. ILO's Start and Improve Your Business (SIYB) www.ilo.org Excellent publications on MSME business planning.
11. IFC's SME Toolkit. Step-by-step web-based modules on all aspects of Small / Medium Enterprise. See www.smetoolkit.org. Also available on CD-Rom
12. 1997 White Paper on International Development *[DFID White Paper](#)*²
13. DFID *[Sustainable Livelihoods Guidance Sheets](#)*
14. Further information and case studies may be obtained from the livelihoods website: <http://www.livelihoods.org/>
15. CARE Program Manual, 1999
16. Manual for Design and Implementation of Sub-sector programs, CARE

3) Appendices 3: Reference Material

Terms of Reference for the Alternative Livelihoods Assessment Study

² link and reference