

# THE ENTERPRISE DEVELOPMENT PROGRAMME ANNUAL REVIEW 2012



**OXFAM**

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# PROUD TO BE DIFFERENT

The Enterprise Development Programme (EDP) adopts a private equity approach to building sustainable businesses. We invest where others don't go and where the potential for social impact is highest.

With your support, Oxfam provides an intelligent mix of loans and grants to small and medium enterprises throughout the developing world, helping people to work their way out of poverty.

But it's not just about providing capital. It's about identifying business opportunities, and helping entrepreneurs develop and implement viable business plans. It's a pioneering, business-based approach to development.

EDP is unique and it works. It combines Oxfam's international presence and experience with the finance and expertise of our supporters and partners. It creates wealth and drives change in poor communities. Crucially, it helps many thousands of people – especially women – to work their way out of poverty.



## KEY PEOPLE

### EDP Board

The EDP Board provides both direction and financial oversight, shaping EDP's long-term strategy and making informed decisions concerning specific businesses. Board members also support fundraising activity on an ongoing basis.

#### Penny Lawrence

EDP Director,  
International Director, Oxfam

#### Joss Saunders

EDP Chair, Legal Counsel and  
Company Secretary, Oxfam

#### Vincenzo Morelli

TPG Capital, founder

#### Alan Nesbit

Maitri Trust, founder

#### Jo Barnett

Virgin London Marathon

#### Sandy Arbuthnot

Private supporter

#### Ursula van Almsick

Capital International Limited

#### Gavin Stewart

Private supporter

### Investment Committee

The EDP Investment Committee (IC) of experts analyses potential new EDP investments, assesses the risk and return of each proposal, and makes considered recommendations to the Board. For enterprises that join the programme, the IC monitors performance and risk, whilst supporting their development in order to ensure ongoing commercial viability and sustainability.

#### Chris West

Shell Foundation

#### David Irwin

Irwin Grayson Associates

#### David Pitt-Watson

Private supporter and  
Treasurer of Oxfam

#### Rachel Crossley

Broadwaters

#### David Bright

Global Markets and Enterprise  
Adviser, Oxfam

#### Nicholas Colloff

Director, Strategy and  
Innovation, Oxfam

### EDP Management Team

All EDP enterprises benefit from the support of Oxfam's specialist global and regional staff with expertise in enterprise development as well as other development disciplines. In addition to these experts, and at the very core of EDP, are the following key individuals:

#### Hugo Sintes

EDP Manager

#### Alan Doran

EDP Business and Finance Adviser

#### Kim Sophastienphong

EDP Asia Coordinator

#### Fabian Llinares

EDP Latin America Coordinator

#### Maria Michalopoulou

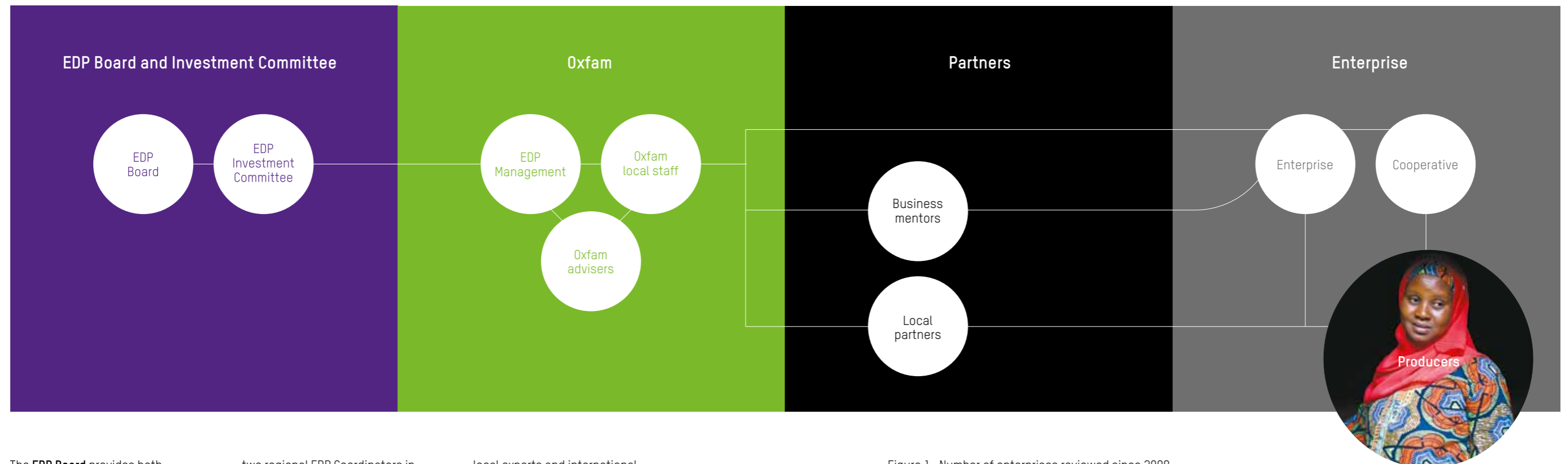
EDP Officer

"EDP enables communities in some of the most challenging environments to create sustainable businesses which not only provide income, but also a measure of independence and dignity."

Alan Nesbit, EDP Board Member

# HOW EDP WORKS

From the Board to smallholder producers, and through local experts and mentors, EDP adopts a rigorous, private equity approach to create sustainable rural enterprises that deliver tangible social benefits.



The **EDP Board** provides both direction and financial oversight, shaping EDP's long-term strategy and making informed decisions concerning specific businesses. Board members also support fundraising activity on an ongoing basis.

The **EDP Investment Committee (IC)** of experts analyses potential new EDP investments, assesses the risk and return of each proposal, and makes considered recommendations to the Board. For enterprises that join the programme, the IC supports EDP Management in monitoring and improving the viability of portfolio enterprises.

The **EDP Management** comprises the EDP Manager, the EDP Business and Finance Adviser, the EDP Officer, and

two regional EDP Coordinators in Asia and Latin America. The team manages the programme and portfolio of investments on a day-to-day basis, and is supported by specialist advisers and country-based staff.

**Oxfam local staff** on the ground identify opportunities, maintain weekly contact with the enterprises and manage relationships with all other local partners.

**Oxfam advisers.** All EDP enterprises benefit from the support of specialist global and regional staff, covering issues such as environmental risks and gender equality, as well as monitoring and evaluation.

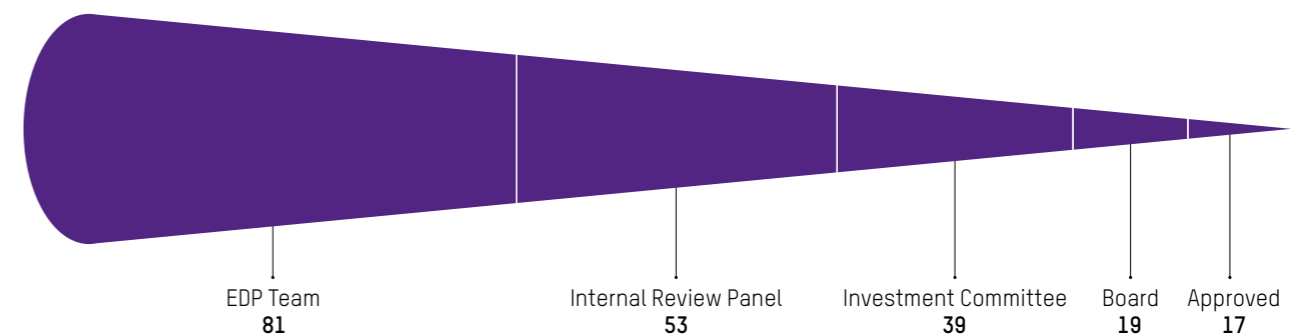
**Business mentors** are allocated to each enterprise, depending on their needs. Oxfam works both with

local experts and international organisations such as Challenges Worldwide, which provides experienced business mentors.

In every country, Oxfam works with **local partner organisations** which provide technical and agricultural advice to the enterprises as well as farmers. In particular, Oxfam partners with local financial intermediaries to provide loans to EDP enterprises, with the view of developing a positive track record and sustainable relationship.

Each **Enterprise** is led by an Enterprise Manager who is supported by specialised staff working on marketing, production, finance and other industry-specific key areas. The manager reports to an enterprise board which, if the EDP enterprise

Figure 1: Number of enterprises reviewed since 2008



has a cooperative structure, will be formed mainly by local farmers. Producers receive support from EDP through the enterprise and the cooperatives; for example advice and training on farming techniques, or

small loans. Oxfam also provides, either directly or through local partners, training on gender equality and empowerment in order to ensure that social and economic benefits go hand in hand.

# DIRECTOR'S INTRODUCTION

This report offers a cumulative picture of Oxfam's Enterprise Development Programme (EDP) over the last four years. It also marks the continuing evolution of the initiative as it builds on the learning, challenges and achievements of this pilot model that aims to create economic opportunities for some of the world's poorest communities.



Oxfam's Enterprise Development Programme (EDP) supports enterprises in developing countries to become viable businesses, while generating income and job opportunities for smallholder farmers, particularly women. More strategically, our aim is to test and develop EDP as a model for providing investment to early-stage remote rural agricultural businesses, an area where investment does not flow today.

The role of women is critical to us. By understanding their needs and supporting their engagement with enterprises as farmers, workers and

leaders, women's status and equality can be improved, thus creating positive social change in marginalised communities. More than 28,000 smallholder farmers are engaged in the enterprises supported by Oxfam; and of these, 37% are women, a figure which is increasing, and much higher than in similar agricultural enterprises.

All business involves risk-taking and, by focusing on remote, agricultural enterprises, EDP must work in the higher risk context that farmers in poorer regions cannot avoid. We must also understand

and try to help enterprises alleviate other challenges such as poor infrastructure (e.g. roads, transport and communication), shortage of skilled staff, and limited access to markets or financial services.

Over the last four years, we have committed £3.0 million to 17 projects in 15 countries, of which £2.2 million has been disbursed. Thanks to our support, we are now seeing enterprises – such as the sisal-processing enterprises in Tanzania, and a vegetable seed enterprise in remote Nepal – become profitable.

As well as successes there are continuing challenges. At the beginning of the programme, for example, we did not take environmental risks sufficiently into account. We have also learned that EDP's approach might not be suitable to particularly complex contexts. For this reason, this year the EDP Board agreed not to make further investments in three enterprises in Liberia, Haiti and Indonesia. The projects are being returned to the wider Oxfam livelihoods programmes, where Oxfam will offer alternative forms of support.

The EDP Board has further agreed that EDP, in its first phase, should be adjusted to support up to 24 enterprises instead of the original target of 30. Based on the learning and experience gained from EDP, we now know that some of the current enterprises will require follow-on investment to enable them to capitalise on lucrative commercial opportunities and maximise their chances of achieving sustainability. Also, given the contexts in which we operate, environmental, political and market externalities have indicated that more time and support is required in order to achieve impact. In agreement with the Board, we have clarified and redefined our overall target, which is now focused on 50% of the enterprises becoming viable within four years of support.

EDP has also gained knowledge and skills from the generous support, guidance and advice from the members of the Investment Committee and of the EDP Board. Their expertise has helped transform the criteria and tools we have adopted for business planning to ensure future profitability, and Oxfam is now using those tools across other livelihoods programmes. As we develop a clearer idea of the 'Key Success Factors' that are required

to make a project viable, we have also become more selective as new enterprises apply to join EDP. With the support of the Investment Committee, we have put into practice the need for stronger feasibility analyses, which now include views from independent experienced business people; stronger financial management; more rigorous mitigating strategies for climate risks; as well as recognising the importance of working with skilled and committed enterprise leaders and managers.

Increasing our capacity has also been one of our priorities in the last year. We have recruited two new specialised staff members to enhance direct support in the regions; while expanding our partnership with Challenges Worldwide which provides business experts; and piloting an initiative with KPMG to provide additional financial management support to enterprises in our portfolio.

In a similar vein, we have developed strong partnerships with local organisations, such as Kumari Bank in Nepal (see page 50), with whom we developed our first example where a local financial intermediary takes on a percentage of the risk of the loan provided to the enterprise. This is a particularly encouraging milestone in our journey to demonstrate that these enterprises can become sustainable commercial entities.

Generating learning and experience in this way is of critical importance, not only to Oxfam but also the broader sector. To ensure that this knowledge is capitalised upon by other development and investment organisations, we take part in the ASPEN Network of Development Entrepreneurs, a group of more than 160 development organisations that seeks to propel entrepreneurship in the developing world.

Fundraising remains a priority. We need to raise a further £1.8 million in the

next two years in order to complete the pilot phase, with a portfolio of up to 24 enterprises linking to 40,000 farmers. In a difficult economic environment, we will continue to communicate EDP as a new model, where investment, together with the development of the right capacities, can help create sustainable businesses to benefit the poorest and most marginalised communities and boost the agriculture sector that so many people depend on for their livelihoods.

We are tremendously grateful to our existing supporters, the Investment Committee and the EDP Board. In particular, we would like to thank departing Board Members Andrew Nicholson and Gita Patel for their sterling contribution to the programme. In their stead, we are delighted that Gavin Stewart and Ursula van Almsick have agreed to formally join the Board. We are also delighted to continue working with other Oxfam affiliates and in particular Oxfam Japan.

Through EDP, Oxfam continues its commitment to invest in and make enterprise work for poor communities. Success of our portfolio means improved livelihood opportunities for thousands of women and men farmers in remote communities, and the offer of a different model of working to support enterprise in the development sector. This report offers a reflection on our learning and achievements, and we are pleased to share it with you.

**Penny Lawrence**  
Director  
Enterprise Development Programme  
November 2012

# SNAPSHOT OF THE PORTFOLIO

Figure 2: Global performance indicators

1 BUSINESS PERFORMANCE		Baseline	2010/11	2011/12	
1.1 Enterprise revenues (GBP 000)	Total		611	923	
	Increase		-	51%	
	Average (trading businesses only)		-	103	
	Average (all)		-	66	
1.2	Number of enterprises operating profits > 0			5	
2 SOCIAL PERFORMANCE					
2.1 Farmer members	Total	18,757	23,954	28,695	
	Average	1,340	1,711	2,050	
2.2	Farmers selling to enterprise in last six months	Average	205	642	776
2.3	Full-Time Employees (FTE) in the enterprise only	Total	32	69	86
Women's participation (%)					
2.4	Farmer members		21%	32%	37%
2.5	FTE Jobs in enterprise		34%	42%	40%
2.6	General Managers		17%	22%	21%
2.7	Directors on Board		24%	27%	34%
Notes: Based on information available from 14 enterprises except 2.7 (10 enterprises); 1.1 (9 enterprises); 1.1, 1.2, 1.3 based on unaudited financial information.					

Below: Oxfam supports BN Producers in Rwanda, (see page 42) which produces mushroom tubes and trades fresh and dry mushrooms to hotels and supermarkets. Last year, BN Producers has increased the number of women producers supported by EDP and supplying the enterprise from six to 76.



Figure 3: Key programme figures – cumulative 2008-2012

<b>FUNDS RAISED (GBP MILLION)</b>	<b>4.2</b>
<b>COMMITMENTS TO PROJECTS</b>	<b>3.0</b>
- Loans disbursed	0.8
- Minus loan repayments	-0.2
- Grants disbursed	1.4
- Yet to be disbursed	0.7
- Contingency (till 2014)	0.3
- <b>IN DISCUSSION WITH NEW PROJECTS</b>	<b>0.7</b>
- <b>MANAGEMENT (from 2008 to 2014)</b>	<b>0.5</b>

Figure 4: Detail commitments per enterprise

GBP 000			DISBURSED					Operating profits > 0 (3)	
			Commitment	of which loan	Grant (1)	Loan	Repayments		Sales (2)
<b>LATIN AMERICA</b>									
Honduras	Aproalce	Fruit & veg	176	93	77	93	35	122	Yes
Colombia	Various	Dairy	167	0	137	0		322	Yes
Haiti**	Lèt Agogo	Dairy	30	0	30	0		N/A	N/A
St Lucia*	Belle Vue	Fruit & veg	50	0	50	0		N/A	N/A
<b>MIDDLE EAST AND RUSSIA</b>									
Palestine	NFC	Processed food	382	133	172	133	9	107	No
Russia*	Forus	Microcredit	169	122	47	122	120		N/A
<b>AFRICA</b>									
Rwanda	BN Producers	Fruit & veg (mushrooms)	78	24	35	24		27	Yes
Tanzania	Various	Other (sisal)	152	52	100	52		60	Yes
Ethiopia	Assosa <sup>4</sup>	Processed food (oil)	427	244	144	244	17	140	No
Ethiopia	Zembaba	Honey	255	89	132	89		39	No
Liberia**	AMENU	Cereals (rice)	150	0	150	0		N/A	N/A
<b>ASIA</b>									
Pakistan	Chenab	Dairy	207	26	74	0		N/A	N/A
Sri Lanka	ULBCS	Dairy	125	33	32	0		N/A	N/A
Nepal	Pavitra	Veg seeds	167	75	48	40		86	Yes
Nepal	Dafacos	Veg seeds	174	75	24	30		20	No
Philippines	Libas	Other (moringa)	116	46	39	0		N/A	N/A
Indonesia**	KWMY	Other (vanilla)	114	0	114	0		N/A	N/A
<b>TOTAL</b>			<b>2,938</b>	<b>1,011</b>	<b>1,404</b>	<b>827</b>	<b>181</b>	<b>923</b>	
<b>AVERAGE</b>			<b>173</b>	<b>59</b>	<b>83</b>	<b>49</b>	<b>11</b>	<b>66</b>	

\* Enterprise exited from EDP's portfolio in 2011. \*\* Enterprise exited from EDP's portfolio in 2012.

1 EDP provides two types of grants: business grants support start-up costs, salaries and other enterprise costs; project grants cover farmer training, support to women, measurement and project management. Disbursements are always until March 2012, the end of Oxfam's fiscal year. 2 Period may differ among companies, depending on fiscal or production. Income from grants is not included.

3 Operating profits refer to net profits excluding grants and subsidies, and including all costs except for extraordinary items.

4 Refers to two loans, for £93,000 in 2009 and £151,000 in 2011.

Figure 5: A typical Oxfam-supported enterprise

THEME	AVERAGE
Sector	Food and agriculture
Distance from capital	500km
Enterprise jobs	6 (0-5 at start)
Sales	£66,000 (range 0-£70,000 at start)
Farmers	2,000 (37% women; 1,300 at start of which 21% were women)
Loan size	£60,000 (range £24,000-£151,000)

# PORTFOLIO HIGHLIGHTS

Figure 6: Commitment of spend by category of produce

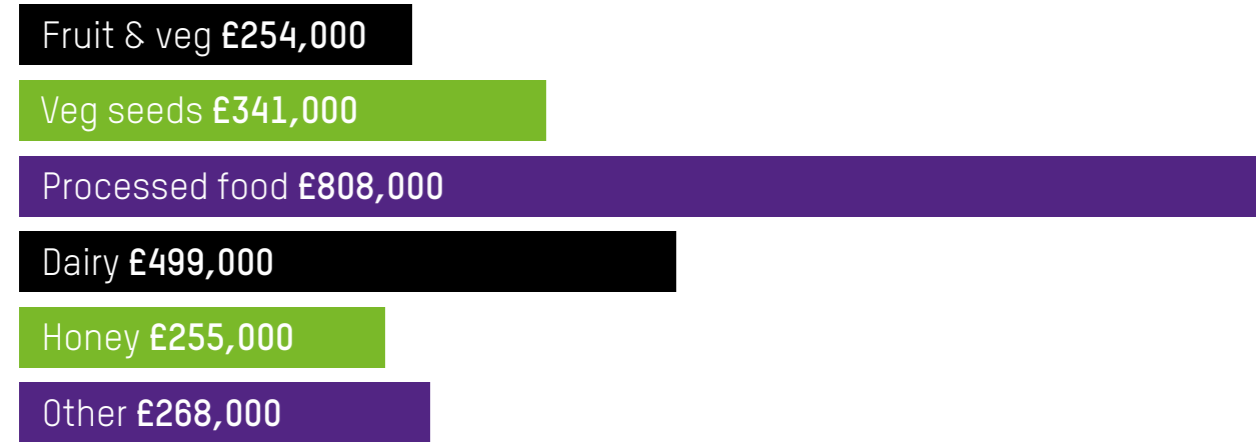


Figure 7: EDP financial commitments by continent

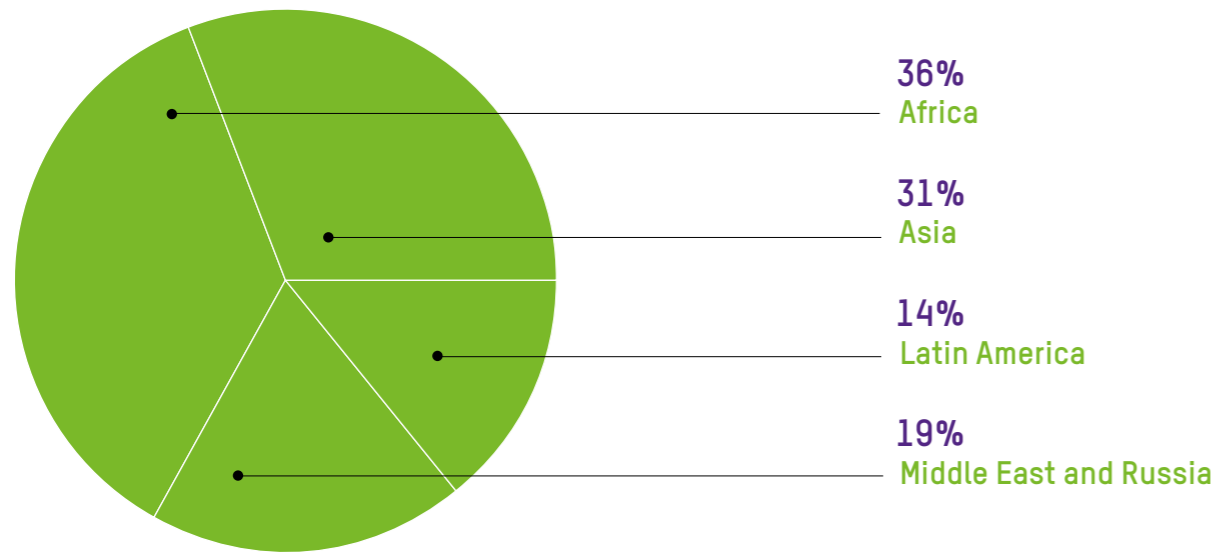
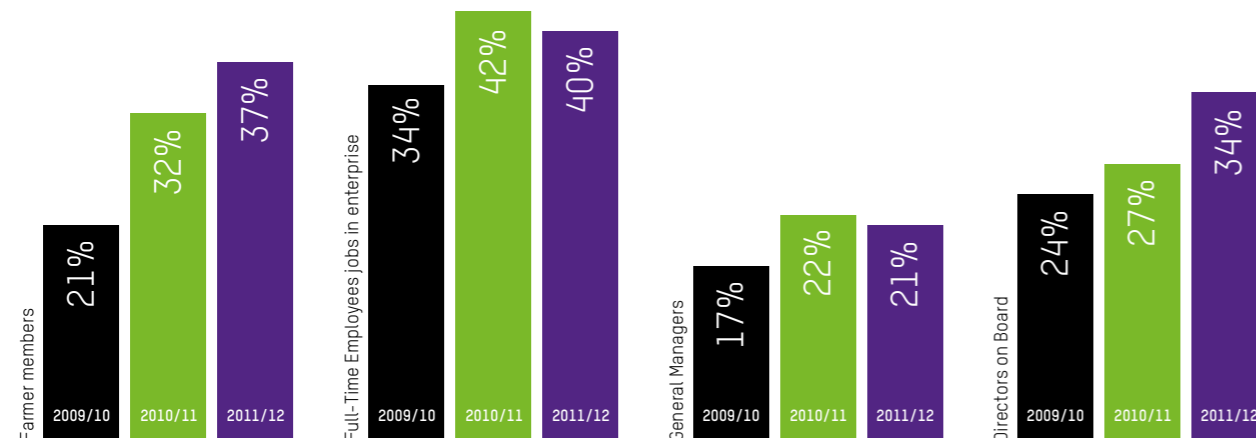


Figure 8: Percentage of women in each category from 2009 to 2012



# MEASURING EFFECTIVENESS

Oxfam places strong emphasis on measuring and communicating the effectiveness of our work. EDP uses a range of tools to measure the impact of its investments:

- Enterprises submit financial information (including revenues and profits) every one, three or six months, depending on their stage of development. Additionally, every six months, we record Performance Indicators (see Figure 2, page 10), which are published in the Aspen Network for Development Entrepreneurs (ANDE) Annual Impact Report.<sup>1</sup>
- Oxfam measures impact indicators (see Figure 9 on this page) through household surveys. Since 2011, we have used a standardised methodology which we have so far applied to six enterprises,<sup>2</sup> carrying out more than 1,500 interviews with farmers – including comparison groups.

To complement the monitoring of number of farmers involved and full-time jobs (28,695 and 86 respectively last year), the household surveys provide detailed characterisation of

the household supported. As Figure 9 shows, they had an average of 5.2 members; 0.6-hectare plots (1.5 acres); and daily income levels ranging from an average US\$0.51 in Ethiopia to US\$8.69 in Colombia (based on a proxy income measure developed by the World Bank).

Each farmer also hires an estimated 43 days (0.2 FTE) of agricultural labour, of which 53% was supplied by women.

Women's representation in enterprise structures is measured every six months, and shows steady progress in the last three years; while the surveys interview men and women to assess, among other factors, women's influence over decision-making in the household, enterprise and community.

Oxfam will carry out evaluations of impact to review these indicators from 2014 onwards.

Figure 9: Sample impact indicators

Indicator	Baseline
<b>3 Social impact</b>	
3.1 Household size (# members)	5.20
3.2 Average plot size (Hectares)	0.60
3.3 Distance from nearest water source < 500m (% farmers)	54%
3.4 Food security (% farmers)	94%
3.5 Ability to finance beyond basic household needs (% farmers)	18%
3.6 Value of food and non-food items consumed (USD/person/day)	0.50-8.69
3.7 Employment of agricultural labour (days/farmer/year)	43
3.8 Good level of women's influence on household, enterprise, community	54%

Note: All based on data from 5 enterprise baselines, except 3.2, 3.3, 3.7 (4 enterprises).  
 1 See [www.aspeninstitute.org/publications/ande-2011-impact-report](http://www.aspeninstitute.org/publications/ande-2011-impact-report).  
 2 These are BN Producers in Rwanda, Libas in Philippines, Assosa in Ethiopia, dairy suppliers in Colombia, ULBCS in Sri Lanka and Pavitra in Nepal.



# MANAGER'S REVIEW



In the course of 2012, EDP has supported 15 enterprises. As shown in Figure 5, these are small, early-stage, agriculture-related businesses, typically based 500km from the capital cities of developing countries. Each of these enterprises has an impact on an average of 2,000 farmers.

In this year's review, I want to focus on what the EDP Board has reiterated as the highest priority in EDP's objectives: *business viability*. We have defined viability using strict criteria which include positive net profits, solvency and diversified access to markets, among others.

Despite an increase of combined sales from all enterprises in the portfolio of 51% last year, and an average growth per enterprise of 31%<sup>1</sup>, none of the 15 enterprises in the portfolio is yet viable, bearing in mind that time in the portfolio ranges from six months to

three and a half years. Four enterprises are, however, very close: the dairy cooperatives in Colombia, which have a secure trading partner and have continued to raise production and quality levels; Aproalce, in Honduras, which is sustaining a considerable level of growth; the Pavitra seed cooperative in Nepal; and the sisal processors in Tanzania which, with Oxfam's help, were able to acquire the right technology at the point when the sector is growing.

All four had positive operating profits last year, even after excluding grants and including all subsidised costs as shown in Figure 4 on page 11. You can find detailed information about these four enterprises on pages 22, 28, 32 and 46.

For eight other enterprises, we do not expect them to become viable within the next 12 months, but they clearly have potential, and Oxfam's support

will be critical in realising it. These include Assosa in Ethiopia, whose main product, niger oil, faced stiff competition from an influx of palm oil when import policies changed. Despite this setback, the enterprise did manage to sell the (unprocessed) seed crops, and is currently reviewing its marketing strategy.

Dafacos in Nepal is showing positive progress towards breaking even; while the New Farm Company in the Occupied Palestinian Territories has built a rich range of products with consumer appeal, but needs to scale up its sales operations to break even. Three other companies – ULBCS in Sri Lanka, Chenab in Pakistan and Libas in Philippines – have experienced delays due to a combination of external events, such as floods, as well as internal issues, and are now finalising reviews of their business models which will get them back on track.

Finally, as mentioned in the Director's introduction, despite having significantly improved farmers' lives by increasing production and building new skills, three other enterprises (Amenu in Liberia, WMY in Indonesia and Lèt Agogo in Haiti) are unlikely to become viable in the short term and have been transferred back to the wider Oxfam agricultural programme. We recognise that these three enterprises formed part of our first cohort of investment in 2009 and, since then, we have learned many lessons and gained greater experience on how to select and better structure support to enterprises.

## Lessons learned

So what makes one EDP enterprise succeed and another one struggle? Our Investment Committee and Board have been reflecting on this question, and came up with a list of Key Success Factors which we are now using to analyse existing and new investments. I want to share some of them here.

From a programme (or fund) management perspective, we now realise that we overestimated how quickly our enterprises can become viable, while our capacity to support them was too little. We have since significantly improved our enterprise analyses and selection criteria; and increased the programme management team and the business skills of our staff in-country. We also set up a Contingency Fund to deal with urgent support needs, such as recruitment of additional key staff in each enterprise; increased emphasis on financial management; and introduced new partnerships with organisations which provide experienced mentoring. Consequently, we have made EDP more hands-on, and with the support of our Investment Committee and Board, effectively have brought it closer to a private equity model, starting from and complementing Oxfam's existing strengths in community development.

In terms of lessons in how to best select and support small enterprises, many of the issues I will share were identified by our Investment Committee, but we are now much clearer on how they relate to the context where Oxfam operates, and how to address them. For example, leadership and management capacity are essential, but the required skills are rarely in place in remote rural enterprises. We were fortunate to find or quickly build them in Pavitra (Nepal) and the Colombian dairies, and that largely explains their success today.

The enterprises Oxfam supports start with low sales and business models which are not yet proved. This differentiates us from other funds which invest in enterprises with typical sales of a minimum of US \$0.5 million. Yet we have learned to scrutinise the businesses more thoroughly and are now able to better analyse each enterprise. If risks are too high, we can recommend that certain elements are put in place before Oxfam EDP can invest; or in certain cases another approach might be required. For example, our project in Liberia needed a focus on food security prior to the launch of an enterprise.

We also need to ascertain compatibility of EDP with other donors which might not be prioritising the set up of a commercially-oriented enterprise, as we learned in Haiti. Furthermore, the need to select markets with potential for growth, and where the company will have a competitive edge, are obvious principles. We have learned that seeking strong and reliable commercial partners in the thin markets where we operate is essential to secure a base of sales volumes, but finding them is not easy. We learned this in various places, and are applying the lessons to businesses such as Chenab in Pakistan.

A careful calculation of financing needs both for working capital and asset acquisition, and at individual farmer as

well as enterprise levels, is essential, especially as agricultural seasonality adds an important constraint. Finally, when new technology or the set up of complex equipment is required, it is critical to identify experts with the right skills; while the introduction of new production methods (as we learned with moringa tissue culture in Philippines) needs careful testing.

We have learned similar lessons on delivering social impact. In this Review, you can read a summary of how we approach supporting women's empowerment through our enterprises (page 52), which includes a careful analysis of opportunities and barriers for women's increased participation, and the set up of specific targets and financial support to implement them.

We are not there yet. But the journey is rewarding and enlightening. We feel privileged to be able to sit alongside committed enterprise workers and leaders, farmers and Oxfam staff across the globe, while also benefiting from the huge depth of experience that our Investment Committee, Board and supporters bring. This coming year should prove to be an exciting and memorable one.

**Hugo Sintes**  
Manager  
Enterprise Development Programme  
November 2012

<sup>1</sup> All financial figures are based on available unaudited financial information. See the summary figures for the detail. The 31% is calculated using the average increase of all seven enterprises trading both this and last year.



# KEY LESSONS

Make **realistic assumptions** about how quickly the enterprise can grow.

Hard as it may be to find in remote areas, a **minimum level of leadership and management capacity** must be in place from the start.

If supporting the enterprise alongside other donors, make sure **interests are compatible**.

If new production or manufacturing technologies are needed, **bring in the experts, wherever they are**. Money invested at the outset saves time and cost at a later stage.

**Understand the barriers that women face** to joining the enterprise – and act on them.

Consider selling through an **experienced buyer as a first stage**, but line up a back-up plan too.

**Build in sufficient fund management and mentoring support**; this is intense, hands-on work.

Integrate in the business plan an **analysis of environmental risks and mitigating strategies**.

**Disburse the money carefully** and against specific milestones.



# INSIGHTS FROM NEPAL

In March 2012, EDP Board Member Gavin Stewart visited Nepal to lend his expertise and experience to the Pavitra and DAFACOS agricultural cooperatives. We asked him to share with us what he had learnt there.



## The model

**Could you broadly outline your understanding of EDP?**

EDP captures good business ideas and provides business support, skills, and working capital, all designed to build sustainable commercial enterprises which can then stand on their own. This enhances the livelihoods of a vast range of people, promotes women's economic leadership and deals with inequality issues – leading to a better outcome for everyone involved.

**Could you briefly outline the project model?**

The Pavitra cooperative is helping farmers improve and increase vegetable and cereal production. It's also helping them to improve sales, particularly through technology, marketing skills, packaging and branding. As a result, farmers produce better yields and crops, and buyers are attracted due to the larger production scale of the cooperative – as well as the fact that they can build a partnership with a

knowledgeable commercial entity that they can trust to deliver.

## The people

**The success of any business is dependent on the individuals involved – what has been your impression of the people you have encountered?**

We have had a chance to meet with cooperative management, local implementing partners, project mentors and local Oxfam staff, and there is strength in every area of that chain; their enthusiasm, commitment, and pure capability has been superb. The strong element of collaboration, unlike some other organisations, with local communities creating the plan and experienced professionals helping them deliver it, makes it robust. One of the organisations said that Oxfam treats them as partners. This type of union is a powerful way of strengthening their input and commitment, and truly aligning people with our objectives.

## Women's leadership

**What about decision-making between the enterprises and smallholder farmers?**

There is a clear decision-making structure where everyone is involved and able to speak up. There are many suggestions from women, who are listened to and grow in confidence because they contribute to the success of the enterprise, and they are also able to significantly improve the position of their families. Building their economic leadership and involvement is critical to long-term success; it is embedded from the beginning and understood by all. Many of the women have seen their economic standing and family structure enhanced, and their family situations have improved in a number of ways, through education for their children and better quality food and nutrition. We met one female farmer who had tripled her income over a year, and had bought more land as a result. That was a tremendous outcome.

## Challenges

**What challenges do the enterprises face?**

There are inevitable climate-related challenges which are understood and around which plans have been established; the programme encourages people to save, which improves resilience should there be a more difficult year. This increases the likelihood of long-term success and sustainability. The brand proposition is potentially strong, but establishing a brand can be challenging. As long as this is done with local markets in mind then it has a clear advantage over the larger competing seed companies. There also needs to be production on a

scale large enough to meet a growing need, which leads to questions over expanding the cooperative to increase the level of supply. But these are the challenges of success, and they are nice problems to be facing.

**Has your understanding of EDP or development changed since visiting the projects?**

This is the first time I have visited any Oxfam programme. A major benefit of being on a field trip is developing a much better understanding of the issues, dynamics, and what is needed to make a project successful. You get the chance to see people in action, ask questions, hear the debate and discussion, and see the conditions under which these businesses are

operating. It is a great programme – the innovation and potential impact of this type of approach being rolled out to organisations across other regions is massive.

**Has your support made an impact?**

Absolutely. EDP has clearly made a difference – I think my investment in both ideas and money has played a part, which is tremendously satisfying.

**What will your lasting memories of the trip be?**

There will be lots of lasting memories. I think the main one has to be the people. There are so many of them – people within Oxfam, the partners, and all of the people in the programmes. I have incredible memories of their contribution, humour, and commitment.

**What would you want to say to someone considering whether to support EDP?**

Just start doing it now. Anyone who does will find it extremely rewarding. As a means of contributing to wider society and using your skills, it is unique – and has outstanding benefits for the individual.

Gavin Stewart has supported EDP since its launch in 2009 and joined the Board in June 2012. He has extensive experience in the business and finance sectors, and a deep understanding of the value of social enterprise. EDP's support to Pavitra and DAFACOS is designed to improve crop production, increase incomes of farmers and promote women's economic leadership.



## CURRENT PORTFOLIO

"I received technical advice from field staff of Pavitra cooperative that enabled me to produce 65kg of seeds and earn NRS6,500 (£56) in the first season."

Kawali Oli, woman farmer, Nepal

# COLOMBIA DAIRY PRODUCTS



“Before it was a very difficult and bureaucratic process to get credit, but Oxfam and Alpina have helped influence change. Now we can access credit from Banco Agrario to buy cows and better grasslands to increase our production and income.”  
**Claudia Calambáz, member of Asoinpa cooperative**



### Enterprise

Alliance of three enterprises (Ascamp, Cooproler and Asoinpa), based in Valle del Cauca in western Colombia, 500km from Bogotá

### Products

Fresh milk

### Market

Local markets through Alpina, a national dairy company

### Investment

£103,000 business grant,  
 £64,000 project grant  
 £167,000 loan by  
 third-party organisation

### Highlights

- Three enterprises have broken even
- 26% increase in average milk yields
- 40% of farmers improved practices to reduce climate and environmental risks
- Lessons learned by the project leading to national policy changes

### Background

In a context of armed conflict and high levels of exclusion, especially of women, Oxfam has focused on strengthening four small-scale dairy enterprises through a partnership with buyer Alpina. The (initially four, now three) enterprises are now able to meet quality standards and therefore to rapidly increase sales. Rainfall in the area is affected by the El Niño Southern Oscillation, a climate pattern which in 2012 caused milk production to decrease in the dry months of July to September.

### Business performance

Better yields and prices led to combined sales of £322,000 in the year ending March 2012, with all three enterprises reaching positive operating (and net) profits; even after deducting shared costs of veterinary, mentoring and accounting salaries. The latter are still partly financed by grants, but the enterprises are working on a plan to progressively absorb all subsidised costs. The new phase will exclude the enterprise Monterrey, with which cooperation has been challenging, while two other enterprises (Asprolescas and Asprotepur) have formally committed to join the alliance.

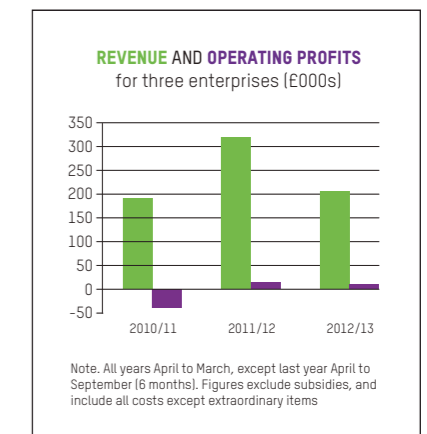
### Social impact

Women represent up to 30% of the dairy farmers supported by the alliance, and are also being enabled to lead in small dairy-related enterprises. The newly set up Asmenpat group, for example, employs two women in full-

time positions from the community to provide food and medical supplies to Asoinpa farmers. In the last year, women have also been supported with a psycho-social assessment which aims to address domestic violence.

A report by Oxfam and the Fundación Alpina on the obstacles that smallholder farmers face in accessing credit has prompted the national government to analyse the situation and to change eligibility criteria and application processes for smallholders. With the support of Oxfam and Fundación Alpina, a total of 70 smallholder farmers accessed credit worth US \$229,000 from Banco Agrario. Transaction costs of 15% of the total credit amount were covered by the project.

During the year the project reached the semi-finals in the *Entrepreneurship Peace Prize* which recognises private sector initiatives that contribute towards peace-building in Colombia.



# ETHIOPIA FOOD OIL



“Previously we had a six hour return walk to the market. Now that the processing machine is here, the market is on our doorstep and we don’t suffer from such arduous travel. We can sell our seeds more easily. Our lives have improved as a result.”  
Bayush Kassin, woman farmer



### Enterprise

Assosa Farmers’ Enterprise, set up in 2006 and owned by 22 primary cooperatives, based in Benishangul Gumuz, 700km from Addis Ababa

### Products

Oil crops and vegetable oils

### Market

Local market and Addis Ababa. In future, export market

### Investment

Phase I, £184,000: £93,000 loan  
Phase II, £243,000: £151,000 loan

### Highlights

- Farmer membership reached 8,200, a 37% increase from the previous year
- Women farmers increased to 32% from 6% since the involvement of EDP
- Four of the nine Board members are women

### Background

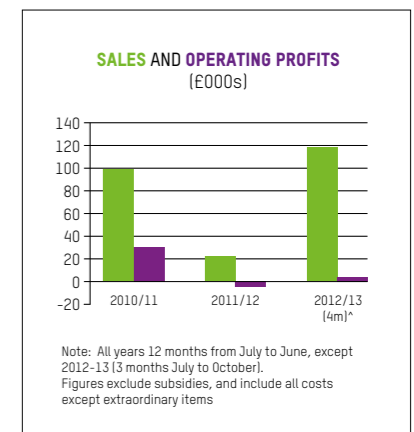
Ethiopia is the second most populous country in Africa and one of the poorest in the world. Agriculture accounts for 85% of total employment. One of its key exports is oil seeds, but paradoxically, the country relies heavily on imported vegetable oil for domestic consumption. The Assosa Farmers’ Enterprise, founded in 2006, has set up the first seed-processing factory in Benishangul Gumuz in western Ethiopia, one of the country’s poorest regions. Since Oxfam’s support began, Assosa has grown from eight to 22 cooperatives and today is reaching 8,200 farmers, of whom 32% are women.

### Business performance

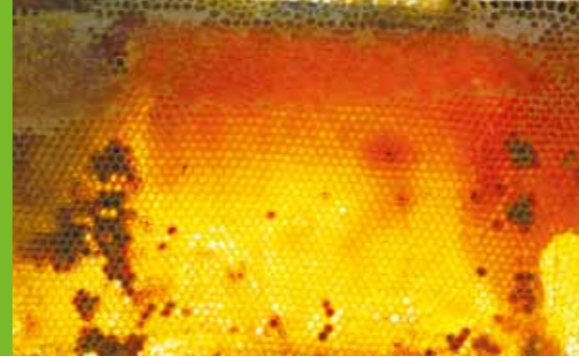
After a successful start in spring 2011, the bulk sales of Assosa’s high quality oil to local markets were disrupted when a change in national policy led to mass distribution of imported palm oil (low quality, but substantially cheaper). Assosa is reviewing its marketing strategy with a view to reaching urban niche markets with bottled oil in 2013. In the meantime, the enterprise has been able to maintain its original business – trading oil seeds produced by its members – but at a much greater capacity, thanks to a credit facility set up with the Commercial Bank of Ethiopia, supported by Oxfam. The seeds were sold between July and September 2012, generating a small overall profit.

### Social impact

The total number of farmers involved with Assosa increased by 37% last year – a significant achievement. The proportion of women farmers has increased since EDP’s involvement, from 6% to 32%. Four of the nine Board members are also women. Oxfam has also supported the setting up of 22 women’s groups, with a total of 440 women. Some of these groups have been involved in the sale of oil locally, but this activity has temporarily reduced. However, the organised groups have been able to benefit from training provided by the Benishangul Gumuz Management Institute and the Regional Cooperative Promotion Bureau in business management, accounting and leadership, which are essential to the success of other livelihoods activities.



# ETHIOPIA HONEY



“We had no land to farm so it was hard for us to make money. As the beehives are within my compound I can tend to them almost every day and night. The honey cooperative has brought the market closer to us and helped us to save money.”

Wubalem Shiferaw, beekeeper, Mecha Cooperative



**Enterprise**  
Zembaba Honey and Inputs Marketing, based in Bahir Dar, 550km north of Addis Ababa

**Products**  
Honey, beehives and accessories

**Market**  
Honey for local and export market. Beehives sold to local farmers and development organisations

**Investment**  
£255,000: £89,000 as loan, £98,000 business grant, £68,000 for farmer support and project management

- Highlights**
- Workshop construction started
  - Revenue from honey £36,000 last six months
  - Average yields have increased by 33%

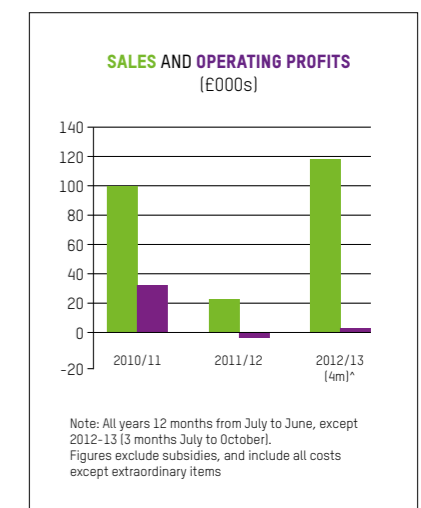
**Background**  
Honey production is a major economic activity in a country where 80% of the population depend on agriculture. Ethiopia is the largest honey producer in Africa and the tenth-largest worldwide. Oxfam is supporting Zembaba, a cooperative enterprise set up in 2006 in the Amhara region of Ethiopia, to venture into the set up of a beehive-manufacturing facility. This will create 25 jobs and offer greater economic opportunities for marginalised farmers, especially women.

**Business performance**  
Construction of the beehive-manufacturing workshop started in August 2012, after initial delays caused by accessing land and local permits. General Manager Sintayehu Mengistie is confidently overseeing operations, supported by Oxfam staff. In the meantime, Zembaba has focused on trading honey, which has benefited from the enterprise’s modestly improved access to finance from the Addis-based Harbu Micro Finance Institution.

In 2012-13, the cooperative made a small profit in the three months from July to October (see graph). Negotiations with a dynamic local credit union with support from Oxfam have secured substantially larger finance, both for honey trading and working capital for the workshop. The workshop should begin manufacturing

in the first half of 2013, and the enterprise is confident about the market prospects for beehives, most of which will be sold through contracts with large organisations – including government procurement programmes.

**Social impact**  
The number of farmer members of the cooperatives has increased from 3,789 in 2010 to 4,322 in 2012. Of these, 26% are women, compared to 21% at the start. Oxfam’s involvement has also supported 33 women’s groups (11 of which were new last year) which operate savings schemes that will allow them to enter the honey (or other) business. Savings increased on average from £1.40 at the onset to £170 in 2012.



# HONDURAS FRUIT AND VEGETABLES



“With the support from EDP our organisation has grown as an enterprise. Our productivity has increased and our accounting system has improved, allowing us to take informed decisions, especially when dealing with buyers.”

Armando Santos, manager of Aproalce



## Enterprise

**Aproalce, a producer-owned cooperative based in Belén Gualcho, Ocotepeque, 300km south-west of San Pedro Sula, the second-largest city in Honduras**

## Products

**Fresh fruit and vegetables (blackberries, potatoes, cabbages, carrots, cauliflower, broccoli, etc)**

## Market

**Local supermarkets and urban markets**

## Investment

**£176,000 from mid-2009 to 2012: £93,000 loan (£35,000 repaid) £36,000 business grant, £47,000 project grant**

## Highlights

- Sales up by 72% in 2011, reaching profitability in 2012
- Farmers' revenues from crop sales increased by 65% over three years
- 58% of farmers have engaged in climate adaptation practices

## Background

Agriculture is a key sector in Honduras; however, small-scale producers are often marginalised. Aproalce operates in the western region, one of the poorest parts of the country, 425km west of the capital, Tegucigalpa, where few farmers are connected to the electric grid, and 300km south-west of San Pedro Sula, where it sells products to supermarkets. Honduran producers face fierce competition from Guatemalan products that are brought in at cheaper prices.

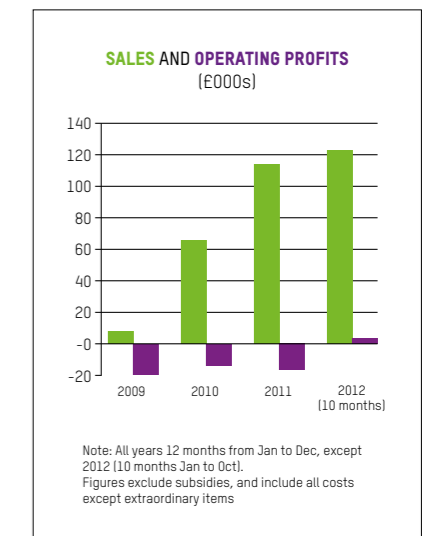
## Business performance

After a slow start, mainly due to potato disease in 2010 and to challenging weather conditions, Aproalce has steadily increased its sales, which doubled between 2010 and 2011 and are showing good prospects for 2012, when Aproalce is expected to generate positive net income. Key to this was the appointment of a new Manager, Armando Santos. Expansion is taking place through existing and new channels, including both supermarkets and city markets and two direct points of sale in Corquín and Santa Rosa de Copán. New products are also being introduced.

The enterprise has undertaken significant business improvements, with the advice of a local mentor and Oxfam staff, such as better production planning. It also renewed its Board of Directors and reduced farmer membership to include only those committed to the enterprise.

## Social impact

From 2009 to 2012, farmers' revenues linked to vegetable sales increased by 65%. Women represent 33% of positions in management and directorships; however the number and percentage of women members has declined, partly due to the difficulties they face combining work and domestic commitments. New options are being explored to reinvigorate women's role. In terms of weather, last year was more benign than previous ones; 58% of farmers (up from 10%) are engaging in sustainable climate-adaptation practices, but there is still a need to expand drip irrigation. Finally, the development of leadership skills in the community has helped attract increased support for infrastructure from local authorities, including electrification and improvements in water systems and roads.



# NEPAL

## FRESH VEGETABLES AND SEEDS



“My skills are highly appreciated. I don’t depend on my husband’s income any more, as I am paying for the children’s education all by myself. I will be very glad to share my knowledge with other women to encourage them to be financially independent.”

Sharda Tamoli, woman farmer, Dadeldhura



### Enterprise

**Dadeldhura Farmers’ Cooperative Society (DAFACOS), based in Dadeldhura, 500km west of Kathmandu**

### Product

**Fresh vegetables and seeds**

### Market

**Local markets in valley and cross-border into India**

### Investment

**£174,000: £75,000 loan support, £35,000 business grant and £64,000 project grant over three years**

### Highlights

- **Newest Oxfam investment (2011)**
- **Access to loan from Kumari Bank**
- **Women shareholders up to 31% from 23% last year**

### Background

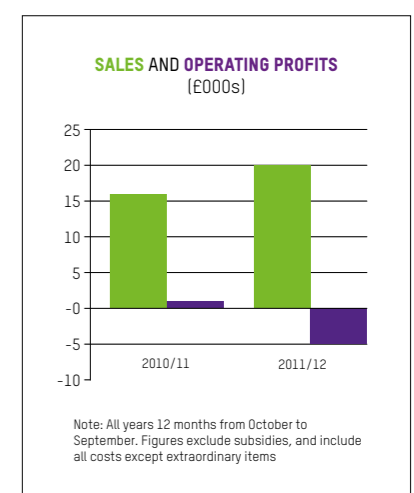
One-third of Nepal’s population lives below the poverty line. Agriculture is the mainstay of the economy, constituting the principal source of food and income, particularly among the poorest people. Dadeldhura district in the Far-Western Region of Nepal is one of the remotest and poorest regions, with high rates of unemployment and seasonal migration to India. However, the area’s high altitude (400-2,500m) along with its good soil and rainfall conditions offers the potential for growing cultivated seeds as well as off-season vegetables, which are in high demand in lowland and regional markets.

### Business performance

Only incorporated into EDP last year, Dadeldhura Farmers’ Cooperative Society (DAFACOS) was established in 1998 and has been trading seeds and other inputs to farmers since then. With Oxfam’s support, it aims to scale up its existing seed business and venture into transporting and growing fresh vegetables, diversify its product range and approach new markets. In the last 12 months, despite adverse weather conditions, it sold farmers’ summer and winter harvests for an estimated £20,000. It also accessed a loan from Kumari Bank (see page 50) with Oxfam’s support. This will be critical for its expansion, with projected break even in 2014.

### Social impact

Oxfam’s support to women farmers and changes to DAFACOS’ policies led to an increase in women shareholders, from 23% to 31% last year. DAFACOS is also associated with 65 producer groups, in which women’s membership grew to 60%. In partnership with a local NGO, Integrated Development Society, Oxfam has also organised Participatory Learning Centres which support women (including marginalised groups and non-members) with literacy classes and other training. Sustainable agricultural methods are being introduced with promotion of water conservation, composting as organic fertiliser, biological methods for pest control, and integrated pest management.





# NEPAL

## VEGETABLE SEEDS



“I am expanding my production from this year. I have plans to expand beans cultivation to four *ropanis* next season and lease land if possible. I am determined to earn 100,000 rupees (£862) in a year.”  
**Kawali Oli, woman farmer, Mehelkuna**



**Enterprise**  
**Pavitra Jankalyan Agriculture Cooperative, set up in 2001 in Surkhet, Mid-Western Region, 400km from Kathmandu**

**Product**  
**Vegetable seeds**

**Market**  
**Regional, national, and international markets**

**Investment**  
**£167,000: £75,000 loan, £46,000 business grant, £46,000 project grant**

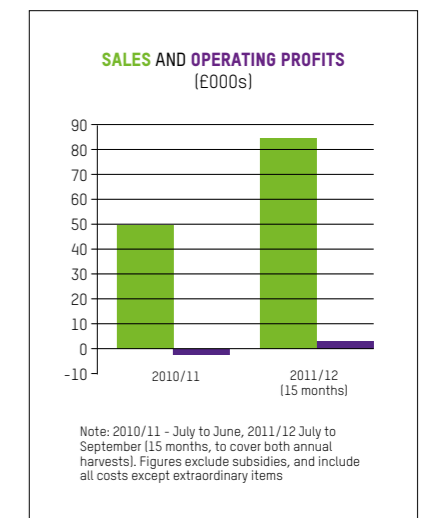
- Highlights**
- Sales up by 75%, with a slight improvement in gross margins
  - Average radish seed yields increasing from 510kg to 720kg per hectare
  - Membership grew from 200 to 680, while 74% of the farmers supplying the cooperative are women

**Background**  
 The Mid-Western region of Nepal is one of the poorest parts of the country. Educational levels, income and access to land are particularly low for women. However, due to the seasonal migration of men to India, women have started to play a more prominent role in the production of vegetable seeds, a crop which makes good use of limited cultivable land, provides good returns, and requires less water and resources than other crops such as vegetables. Demand for seeds is growing fast, and there is an opportunity to increase local production to reduce dependence on imported seeds.

**Business performance**  
 This is one of the best performing enterprises in the portfolio, partly thanks to the leadership and commitment of Pavitra’s president, Nausingh Khatri, and its team and partners. Revenues till March 2012 were double those of the previous year, and figures for the next two quarters till September 2012 also show a positive progression with slight improvement on gross margins. Pavitra has established contracts with buyers to secure sales, which proved to be a good strategy as there has been saturation of certain vegetable seeds such as okra and pea. On the production front, technical assistance is paying off with a general increase in yields, while the provision of credit to Pavitra members, more than half of which is going to women farmers, is also helping. Pavitra has applied for a government loan to establish a seed-processing facility.

**Social impact**  
 The number of farmers selling into Pavitra has grown significantly since the start of Oxfam’s support, from 200 to 680. The number of farmers supplying is even higher – there are now 1,250 suppliers, of whom 928 (74%) are women. Last year they earned between £21 and £388 from trading with Pavitra. The enterprise is inclusive and representative; all castes are proportionally present (24% Dalit, 23% Janajati, and 53% other ethnic groups).

Women’s representation grew from 47% to 56% among members, while 157 women were promoted to participate in decision-making positions within 67 farmer groups, including 28 women in the role of president. Women organised in groups have participated in discussions with local government offices to request drinking water and electricity facilities.



# WHERE EDP WORKS

Country, enterprise and investment shown. As can be seen, EDP supports two enterprises in both Ethiopia and Nepal.



# PAKISTAN DAIRY PRODUCTS



“After the floods of 2010 we had little fodder and milk production was reduced. EDP provided the cooperatives with 40,000kg of fodder. As a result, there is a significant improvement in the health of the livestock and milk production has increased.”  
Mazhar Hussain, president of Rangpur cooperative



## Enterprise

Chenab Dairy Enterprise, based in Alipur, Muzaffargarh District, Punjab, 700km from Islamabad

## Products

Fresh milk, dairy products

## Market

Large processor, local markets

## Investment

£207,000: £26,000 loan, £76,000 business grant, £105,000 project grant

## Highlights

- A revised business plan developed and approved

## Background

Forty per cent of Pakistan's workforce depend on agriculture, and the country is one of the largest dairy producers in the world. Women undertake the majority of livestock management work, but social and cultural norms mean that most marketing and financial roles are filled by men. With the right support, dairy is a sector that can provide great opportunities for women smallholders.

Oxfam is supporting the set up of a sustainable dairy enterprise in the Muzaffargarh District in Punjab. The project was approved in 2010, but suffered major delays as a result of the floods. In the last 12 months, we have carried out a full review of the business plan to ensure that lessons are incorporated from Chenab and other EDP dairy projects.

## Business performance

Farmers are currently selling their milk individually to local traders, but joint marketing has not yet started. The new strategy, which was reviewed with the support of a dairy expert from Challenges Worldwide, aims over three years to set up 20 collection centres linked to 40 villages and 2,400 farmers within a smaller geographic area. This will reduce transport costs and make it more attractive for large processors to send their vehicles to collect large amounts of milk.

The idea of setting up a processing plant has been postponed, while the focus will be on selling a significant proportion of the production to a secure buyer. There have been negotiations with various potential buyers and one has been chosen to become a partner.

## Social impact

During the review, a minimum level of support to farmers has been maintained in order to ensure that quality standards and yields are increasing, while maintaining the momentum and focusing energy on the set up of the enterprise.

# OCCUPIED PALESTINIAN TERRITORIES

## NATURAL FOODS



“This project addresses the problem of marketing by opening permanent selling points in commercial markets like Ramallah, which specialise in selling products from cooperatives. This can help us sell our products.”

Musheer Eid, Jensafot agricultural cooperative



### Enterprise

**New Farm Company (NFC) and the supplying cooperatives, based in West Bank, Occupied Palestinian Territories**

### Products

**Local Palestinian food products including dried tomatoes, thyme, olive oil products, pickled olives, honey and grape molasses**

### Market

**West Bank, Middle East, currently scoping UK market**

### Investment

**Phase 1, £119,000: fully disbursed, £10,000 loan repaid  
Phase 2, £263,000: £123,000 mix of loans and repayable grants, £140,000 project grant over three years**

### Highlights

- **New full-time manager in place**
- **Obtained ISO certification**
- **Sales picking up slowly, need push to break even without grant support**

### Background

Despite the fragile political situation in the Occupied Palestinian Territories, West Bank is seeing an increase in demand for high-quality, locally processed traditional foods. The New Farm Company (NFC) is tapping into this niche market and working with 13 small cooperatives, many run by women, to source home-grown foods. Established in 2000, NFC is a private limited shareholding company, owned by agricultural cooperatives, local NGOs and individuals. Oxfam has been supporting NFC since late 2008. In 2010, EDP approved follow-on funding aimed at upgrading NFC's facilities, obtaining quality certifications and expanding operations in new markets.

### Business performance

NFC has now appointed a full-time manager, Haitham Hasassneh, to run the enterprise following the retirement of its founder, Dawood Istanbuli. In the last year, the enterprise has been working to steadily recover levels of sales and has achieved ISO certification, enabling it to market some of its products as Fairtrade. With support from Oxfam staff, and an experienced mentor provided by Challenges Worldwide, the enterprise has also improved its financial management and business processes.

NFC maintains a diverse and attractive range of products with a few brands which are well known in the West Bank. New market opportunities to sell to export markets – including the UK – have been identified. This will be critical to grow sales to a level where the enterprise can cover the costs which are currently financed by grants.

### Social impact

NFC has grown its supply base from five cooperatives in 2008-09 to 13 today. There are a total of 553 farmers selling their products to NFC, of whom 76% are women. They are being supported by NFC and Oxfam partner ESDC to continue developing their business skills.

# PHILIPPINES MORINGA LEAVES



“The establishment of the moringa enterprise and the support from EDP has transformed my life. I used to be a traditional housewife, doing household chores and assisting my husband. Now, as manager, I plan and monitor the production and manage people.”  
Nanie Lanquino, manager Libas Farmers



## Enterprise

Libas Farmers Multi-Purpose Cooperative, based in Jabonga, Agusan del Norte, Mindanao, Philippines, 1,000km from Manila

## Product

Moringa leaves for use by pharmaceutical and food sectors

## Market

Various local buyers for domestic and export markets

## Investment

£116,000: £46,000 loan, £35,000 project grant, £35,000 business grant

## Highlights

- EDP supports the review of the business model introducing a new production method
- Over 50 women have received training in business skills and production

## Background

Subsistence farming and fishing are the main sources of livelihood for the population of Mindanao in the southern Philippines, an area with a history of conflict and poverty. Women play a prominent role in family farms but earn no income and have little say in how these farms are run. Oxfam identified moringa as a plant that has high market demand and can be grown in the area.

## Business performance

The enterprise has not taken off as expected. Oxfam decided to review this project, and sent a business expert from Challenges Worldwide who spent six weeks in the area supporting local staff, partners and the enterprise. High plant mortality rates have delayed plantation, harvest and sales. This was partly due to the main technology and trading partner, Secura, no longer being able to maintain its commitments after it was affected by the 2011 floods.

In response to these challenges, the enterprise, with support from local partner Agri-Aqua Development Coalition (AADC), is starting to introduce a new production method which is showing much better results. New markets for the sale of moringa are also being identified.

## Social impact

Although the enterprise is not yet fully operational, more than 50 women have received training in business and production, and have started participating in moringa growing. Oxfam is also working in partnership with other organisations to better understand and mitigate against the risks of climate events such as floods



# RWANDA MUSHROOMS



“It’s a good thing that Oxfam linked me with their partner Duterimbere. I could never imagine before taking a long-term loan from the banks. Now, when I need a loan for equipment, for example, I go to Duterimbere and they advise me how to acquire it.”  
**Berthilde Niyibaho, owner of BN Producers**



**Enterprise**  
BN Producers based in Kigali

**Product**  
Fresh and processed mushrooms

**Market**  
Hotels and urban markets

**Investment**  
£77,000: £24,000 in business loans, £16,000 business grant, £37,000 project grant

- Highlights**
- 70 women have joined the BN supply chain
  - New accounting system set up since April 2012

## Background

In a country which is witnessing positive economic growth, Oxfam has identified mushroom production as a sector which combines great market potential with the advantages of requiring only small areas of land for production, and the fact that it can be easily undertaken by women. Oxfam is supporting BN Producers, which produces mushroom tubes and sells fresh and dry mushrooms to hotels and supermarkets. Unlike most other Oxfam-supported businesses, which are farmer-owned enterprises, BN is owned and run by an individual, Niyibaho Berthilde, an experienced businesswoman who is committed to creating opportunities for women farmers.

## Business performance

Oxfam is supporting BN Producers to extend membership to new women farmers. After a slow start, explained by the need to formalise the arrangements (e.g. contracts with farmers, loan agreement), BN Producers has increased the number of women producers supplying the enterprise from six to 76. This is supported by the recruitment of two new staff who liaise between farmers and the enterprise. Oxfam has appointed a local mentor, Jean Bosco, who works alongside Oxfam and the local microfinance institution, Duterimbere, which is handling the loans for farmers. One of his first actions was to set up a new accounting system, which began in April 2012.

## Social impact

A total of 110 women producers have signed a contract with the enterprise to receive training and inputs to start production, and 70 have already begun. Oxfam has also carried out a detailed baseline study on the economic and social characteristics of the farmers, which will be used to measure impact at a later stage. Production risks are being closely monitored, with evidence so far of successful mushroom production in various areas of Kigali.

To see video on this enterprise please visit [www.oxfam.org.uk/edp](http://www.oxfam.org.uk/edp)

# SRI LANKA DAIRY PRODUCTS



“I hope that the dairy co-op will develop further so we can increase the production of milk-based products and our income. Every day people ask if they can join the co-op because they know there are many advantages to being a member.”

Sukita, milk collector, Muruganwr cooperative



## Enterprise

**Union of Livestock Breeders' Cooperative Societies (ULBCS), based in Vavuniya, 240km north of Colombo**

## Products

**Initially pasteurised milk; later, flavoured pasteurised milk, yoghurt and other products**

## Market

**Vavuniya town**

## Investment

**£125,000: £33,000 loan, £48,000 business grant, £44,000 project grant**

## Highlights

- **Pasteurising facility now open**
- **Since 2009, number of farmers organised has risen from 1,500 to 3,400**

## Background

While imported powdered milk remains an important component of the Sri Lankan dairy sector, demand for fresh milk is increasing, offering an opportunity for dairy farmers in northern Sri Lanka. ULBCS is a federation of eight local cooperatives, which have been supported by Oxfam to set up a processing facility that will pasteurise milk for sale in local markets.

## Business performance

The milk-processing facility started operations in mid-2012, and is already selling up to 500 litres per day to households and local shops. The aim is to reach 2,000 litres per day with the instalment of all equipment in early 2013. The setting up of the facility was initially slow due to external factors such as floods, mistakes in planning, and financing by different donors coming at different times. Oxfam has prioritised the deployment of a technical dairy expert, provided by Challenges Worldwide. After a failed recruitment process in mid-2012, ULBCS needs to restart the recruitment of a General Manager, who will be key to generating the volumes required to break even. Oxfam is also starting a partnership with KPMG to support the enterprise's financial management.

## Social impact

Since the end of the armed conflict, and following the relocation of farmers to their homes, the number of dairy cooperatives involved in the enterprise has increased and now involves 3,400 farmers. This has been associated with a slight decrease in the overall participation of women, although Oxfam and its partner FOSDO are continuing to work with each cooperative to ensure that women are meaningfully engaging in the enterprise.

There is currently a concern over water efficiency at the processing factory, which should be solved when new cooling equipment is in place. Oxfam is working with farmers to mitigate risks of drought and flooding, which continue to pose a risk to livestock and production.

# TANZANIA SISAL



“EDP’s training on entrepreneurship skills has raised my business focus. Last month I made a profit of more than 800,000Tsh. The farmers also benefit – those who supply to me get 20,000Tsh per day. I’m planning to scale up to another district.”

Seif Soud, owner of sisal processing enterprise



**Enterprise**  
15 ‘raspadora’  
(sisal-fibre processor) firms  
bases in the Shinyanga  
district, 380km north of  
the capital, Dodoma

**Product**  
Sisal fibre

**Market**  
Katani Ltd, a large sisal  
firm ([www.katanitz.com](http://www.katanitz.com))

**Investment**  
£152,000: £52,000 loan,  
£51,000 business grant,  
£49,000 project grant

**Highlights**

- Sisal industry growing rapidly in the area
- Five raspadora processors managing profitable businesses
- Significant increase in number of farmers involved, particularly women

**Background**

In Tanzania, the majority of people earn their living through agriculture, and women take on a significant amount of this workload on top of domestic duties. Sisal, a plant that provides fibre for twine and ropes and is resilient to drought, is one of the sectors which Oxfam has prioritised for its potential to generate sustainable incomes. EDP has supported a partnership between smallholder sisal farmers and Katani Ltd, a Tanzanian processing company. The project has been highly successful to date, and has seen numerous significant achievements over the past year.

**Business performance**

Oxfam EDP supported five local entrepreneurs to purchase a portable machine called a ‘raspadora’, which extracts fibre from sisal leaves. Large-scale spinning companies buy the fibre to make products such as carpets, bags, ropes, handcrafts and textiles. The five entrepreneur processors also received specialist business support from local mentor Tamim Amijee. All five have achieved significant output volumes and some even purchased additional machines from other sources. Average monthly sales for a processor with one raspadora were £1,600 with a 27% operating margin. The success has drawn new buyers into the market, which caused some tensions in the relationship between processors and

Katani, and delays in the repayment of the loan for the raspadoras, but these are now in the process of negotiation. The experience with the first five processors has provided tremendous insights which will be invaluable in our support of ten new processors in 2013.

**Social impact**

Supported by a wider Oxfam smallholder agriculture programme, the number of organised farmers in groups rose from 5,150 to 5,850, of whom around 20% are planting and growing sisal. The price they are receiving has risen by 75% over one year to £0.20 per kg, resulting in some farmers earning as much as £1.45 per day. It is a considerable achievement that 57% of the farmers are women, and jobs have also been created for women in the processing facility and in rope-making. Quality assessments show that women’s roles are changing positively as a result of their increased economic participation.

Other reports indicate that 75% of farmers and processors are introducing sustainable practices, such as producing organic fertiliser from sisal waste. Oxfam is also supporting nurseries and the planting of new sisal, which is critical to ensuring its sustainability.



# BANGLADESH CHILLI



**Enterprise**  
Chilli Traders' Enterprise of Fulchhari, in Gaibandha district, 270km north of Dhaka, Bangladesh

**Product**  
Dry chilli, green chilli, and powder chilli

**Market**  
Chilli processors, local markets

**Investment**  
To be confirmed



## New projects

Oxfam's Enterprise Development Programme is always reviewing new investment opportunities emerging from Oxfam's existing networks and programmes. At present, we are in the final stages of approving two new investments. They are described briefly here.

## Background

This enterprise is situated in the so-called 'char' islands of Gaibandha district, a region which becomes flooded throughout the monsoon season (June to September) and has the highest incidence of poverty in the country. Chilli is the area's main cash crop. Women play a key role in its production, but are rarely involved in selling the product in the mainland markets.

## Business performance

The Chilli Traders' Enterprise of Fulchhari (CTE-f) was established in 2010 by leading farmers from the area, and sold 30 tonnes of dry chilli sourced from poor farmers in the following year. Among its clients is PRAN, a large national processor. CTE-f seeks support from Oxfam finance its expansion (it seeks to grow to 300 tonnes by 2015) and improve its management systems.

## Social impact

The enterprise aims to reach 1,500 producers, of whom 60% are women; improve farmers' yields by 30% over the next three years; and create opportunities for women at different stages of the value chain.

# ARMENIA FRUIT AND BERRIES



**Enterprise**  
Lchkadzor Consumer Cooperative, based in Ayrum city, Tavush region, 200km northeast of Armenia's capital, Yerevan

**Product**  
Processed, canned fruits and vegetables

**Market**  
Confectionary market, export

**Investment**  
To be confirmed



## Background

Armenia suffers from high unemployment in rural areas. In the Tavush region, most people depend on agriculture, either growing their own crops or collecting fruits and other products from the forest. Distance from markets and poor road infrastructure mean, however, that a most of the produce cannot be easily sold.

## Business performance

Lchkadzor was set up 20 years ago by a group of active farmers and ex-factory workers and leaders; and has been collecting and trading local produce since. Now, it is planning to set up a local, small-scale, processing and packaging plant that will process both orchard fruits and wild berries. Its product is to be sold as consumer-ready jams for the retail market, or semi-processed product for local confectionery factories.

## Social impact

In addition to creating jobs in the factory, the enterprise aims to support 1,000 local farmers and fruit pickers, most of whom will be women.

# PARTNERS AGAINST POVERTY

When EDP's two enterprises in Nepal were in need of capital to expand, Kumari Bank came forward as an enthusiastic partner. The CEO of this fast-growing privately-owned bank, Mr Udaya K Upadhyay, gives his views on why the relationship works.



## What is your relationship with Oxfam in Nepal?

Kumari Bank started working with Oxfam in February 2011, when we were approached by the EDP team. As an organisation committed to serving the economic development of the country, we agreed to finance Pavitra cooperative (page 32) and later that year, we agreed to extend the relationship by financing DAFACOS cooperative in Dadeldhura (page 30).

## Remote agricultural cooperatives are not commonly considered an attractive investment proposition. What made you embark on these deals? Are these the first loans made by Kumari Bank to agricultural cooperatives?

Kumari Bank has always been interested in strengthening rural cooperatives, and while we are happy to work with Oxfam in the initial phase, we, like Oxfam, want these enterprises to be sustainable even after the phasing out of Oxfam's support. Nepal's central bank encourages commercial banks to make small-scale agriculture loans, seeing this as a priority sector. We have been active in the agricultural sector in the past, working with Grameen Bank MFIs and other NGOs. We strongly believe that agricultural

cooperatives can provide us with attractive investment opportunities if their organisational strength is built up in terms of professionalism, management capabilities, marketing and technical abilities. With Oxfam's support, we believe that Pavitra and DAFACOS have been strengthened in these aspects. I want to express my appreciation of Oxfam's critical support to benefit the poor people of Nepal.

## What is the structure of the two deals?

The two deals are based on a risk-sharing approach. In the case of Pavitra it is 10-90% while for DAFACOS it is 20-80%, the bank taking higher risk. With most NGOs we take a different approach to risk sharing in lending agreements. The National Deposit and Credit Guarantee Corporation provides 75% insurance cover on bad debts, and in some cases local NGO board members give personal guarantees for the remaining 25%. As we don't have a shortage of liquidity, we could lend under EDP programmes without Oxfam's deposit. However, risk sharing in a kind of 20-80% or credit guarantee scheme to the cooperatives is a useful approach. We are looking forward to similar programmes where we can collaborate with Oxfam and finance other rural cooperatives.

## Do you see potential for the agricultural sector in Nepal? What are the key opportunities and constraints?

Commercial agricultural production offers a promising opportunity to address poverty and equality issues, especially in remote areas. Fresh vegetables have high potential for markets in nearby districts and across the border in India. High quality seeds have export potential to various countries.

In Nepal, agricultural production suffers from lack of reliable supply of quality seeds and agricultural tools, and lack of access to finance. Currently a third of seeds are imported, mostly from India and China. This gap is likely to widen. The major constraint that I see is the ability of farmers to gain competitive advantage in the market. Their situation is further hindered by poor infrastructure and communication in the regions.

With the right support to farmers and producers' organisations, including training, awareness, skills-transfer, supply-chain development and market-promotion programmes, investment in agriculture can be a profitable option. Oxfam's support to small farmers and cooperatives on the development of solid business plans in particular provides a reassuring factor for us.

More can be done at national and international level through joint initiatives between governments, the private sector and development actors.

## EDP is committed to advancing the role of women in the community, in employment, especially in senior positions, and in business. What is your view on women's role in business in Nepal?

The majority of members of Pavitra and DAFACOS are women. Women in Nepal have long been oppressed by the patriarchal society and have few opportunities in rural areas.

EDP's and our bank's support are in fact hugely focused on women's empowerment, by supporting them with access to finance to enter and move higher up the value chain. Women are more reliable, committed and

dependable in financial transactions. I believe that, with support from such initiatives, women have great potential in the Nepalese business sector.

## What are the lessons you have learnt so far? What has worked well or not so well?

So far, so good. This relationship seems to be working and we are hoping to work together in different districts, replicating the model. The loan repayment rate is excellent. We receive progress reports from the cooperatives on a quarterly basis. Oxfam's support has been critical and reliable, especially in accessing progress updates

from places where we don't have branches. Oxfam's participation is a reassuring factor to our financing. We believe Pavitra and DAFACOS will acquire enough experience from EDP's support to become sustainable, with enhanced capacity in the future to take this relationship further.

## On reflection, how do you view the scope for partnerships between private financial institutions and NGOs? What business principles and key qualities underpin a successful working relationship?

The key is to create a win-win situation for all parties in such

relationships. Although there are differences between non-profit and profit-making organisations, there is also much common ground in the present day scenario. Corporate Social Responsibility principles along with mandatory government policies urge the private sector to invest in initiatives with higher social impact.

To achieve economic development and poverty alleviation, NGOs need support from the financial and private sector at large. Forging strong cross-sector relationships and achieving win-win situations with high social impact is the way forward.



# FOCUS ON WOMEN

Women's lack of access to land, finance and opportunities keeps them, their families and whole communities in poverty. EDP puts women at the heart of enterprise, enabling them to succeed at every level and changing the role of women in wider society.

In most of the contexts Oxfam works, women contribute 70% to 80% of the agricultural production. Yet lack of access to finance or ownership of land and assets makes it harder for women to increase productivity, develop market opportunities or get involved in enterprise. Burdened with household responsibilities and excluded from decision-making in the family and community, women also lack the time, skills and confidence to engage in business activities.

**Efforts to eradicate poverty through a market and enterprise development approach can therefore only succeed if gender inequality is addressed and opportunities for women are created and supported.**

## EDP's approach

Increasing women's participation is not an end in itself, and will not necessarily empower women in a substantial way. Approaches that focus only on numbers risk restricting women to basic (non-influential) participation in producer organisations.

From the outset we decided not to invest solely in women-owned or women-led businesses. Given the barriers women face, the number of agricultural enterprises owned and run by women in rural areas is very limited. Markets dominated by men often have the highest income potential for women too. And of course, by working with mixed or male-dominated enterprises we can effectively promote equal rights and opportunities.

**Our ambition is, therefore, to create opportunities for as many women as possible in every enterprise, whether as a member, supplier, worker or Board Director.**

And by empowering women to assume roles higher up in the value chain, we not only transform their lives but change perceptions in wider society about the role of women.

Having identified a potential enterprise, the process can be summed up as follows:

### 1. Analysis and identification

First, we carry out a specific analysis of opportunities and barriers for women at household, farm, and market level. It is important for EDP to achieve both business viability and social impact; hence the selected sector must provide opportunities for women's leadership as well as market growth.

### 2. Setting specific targets

Each enterprise must actively work on improving women's involvement and leadership. We set specific targets, together with an overall goal of doubling the percentage (as compared to baseline data at the start of EDP's involvement) of women farmers, managers, workers and board members across the portfolio.

### 3. Financial support of activities

The grant element of EDP investment often covers the cost of activities conducive to women's leadership such as training in gender-awareness (for men and women), business, literacy, and access to finance. We have learnt that enterprises cannot be expected to cover those costs, especially if they are in the start-up phase.

### 4. Monitoring

As well as monitoring sales, we have 'impact indicators' to measure women's representation and empowerment, such as perceptions on the economic roles of women,

women's access to and control over income and assets. Women's representation in enterprise structures is measured every six months against targets (see page 13 on 'Measuring effectiveness'). Regarding women's empowerment, we carry out surveys in communities that supply to the enterprises and in neighbouring ones that don't, for comparison. We do this at the start of an EDP investment (baseline), and then again at exit.

### Results of our approach

Of the 28,000 smallholder farmers engaged in the enterprises supported by Oxfam, 37% are women. See also the 'Snapshot of the portfolio' on page 10 and the enterprise summaries for the tangible outcomes and social impact of our approach. Highlights include:

**Ethiopia – Assosa:** The proportion of women farmers has increased since EDP's involvement, from 6% to 32%. Four of the nine Board members are also women.

**Ethiopia – Zembaba:** 26% of the 4,322 farmer members of the cooperatives are women, compared to 21% at the start. Oxfam has also supported 33 women's groups in total to operate savings schemes that will allow them to enter the honey (or other) business.

**Nepal – Dafacos:** There was an increase in women shareholders from 23% to 31% last year. DAFACOS is associated with 65 producer groups, in which women's membership grew to 60%.

**Nepal – Pavitra:** 74% of the supplying farmers are women. Also, women's representation grew from 47% to 56% among members, while 157 women were promoted to participate in decision-making positions within

67 farmer groups, including 28 women in the role of president.

**Tanzania – sisal-processing enterprises:** 6 of the 15 entrepreneurs and 57% of the farmers are women. Assessments show that women's roles

are changing positively as a result of their increased economic participation.

### Find out more

See 'Beyond participation: making enterprise development really work for women' by Sally King, Hugo

Sintes and Maria Alemu in Gender & Development Volume 20, Issue 1, 2012.

Oxfam has just finalised a three-year research project on Women's Collective Action in agricultural markets and will publish the results later this year.



Oxfam's Enterprise Development Programme uses a private equity approach to support small and medium enterprises in the developing world. Through strategic investments in sustainable businesses, EDP presents you with the chance to help thousands of people work their way out of poverty.

We would like to thank all our partners, mentors, supporters and organisations that work with us to develop and implement this initiative, and in particular Challenges Worldwide, Advocates for International Development, Accenture Development Partnerships, the Aspen Network of Development Entrepreneurs, KPMG and Oxfam Japan.

[www.oxfam.org.uk/edp](http://www.oxfam.org.uk/edp)

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