



AMAP BDS: Raising Incomes by Making Industries More Competitive

by Mark Freeman



Raising individual incomes is an essential component of creating equitable, sustainable economic growth. With this as its basic premise, the Accelerated Microenterprise Advancement Project (AMAP BDS) increases the incomes of small enterprises, their affiliates and their employees while providing the tools necessary for continual growth. Recognizing that raising incomes of small enterprises requires a dynamic and growing market, ACIDI/VOCA's approach is to make industries more competitive nationally and, where possible, globally by enhancing the performance of firms of all sizes, while simultaneously promoting opportunities for small enterprises to contribute to and benefit from the overall industry's or sector's growth. By focusing on complete industries and sectors, ACIDI/VOCA addresses both individual firms as well as the relationships between firms within an industry to determine how the industry performs and how it can perform better. The ultimate result is more efficient business practices and higher incomes in targeted sectors.

AMAP BDS is a global USAID-funded indefinite quantity contract (IQC) managed by an ACIDI/VOCA-led consortium of enterprise development leaders. An IQC is essentially an umbrella contract that allows USAID to quickly and easily issue multiple projects to pre-identified recipients anywhere in the world under one funding mechanism. Projects can range from short-term projects, such as policy papers, assessments, case studies, impact assessments or training, to more traditional long-term projects that address the constraints to enterprise development within a targeted sector, such as limited access to credit, weak legal policies, poor market access and lack of skills. The AMAP BDS IQC specifically addresses business development services (BDS), or those services that enable enterprises, groups of enterprises and industries to become more productive and competitive. These services

include access to inputs, finance, skills, markets and information, and support in forming groups, associations, cooperatives and networks. ACIDI/VOCA is currently implementing three projects under AMAP BDS.

Growth-Oriented Microenterprise Development Program in India

The Growth-Oriented Microenterprise Development Program is a three-year \$6.2 million program that

provides technical assistance to micro- and small enterprises in India to create sustainable growth in jobs and generate long-term impact on households and communities by integrating growth-oriented microenterprises into productive agriculture and urban services markets. ACIDI/VOCA is joined by a multinational team of consortium members and Indian service providers in addressing

policy and regulatory constraints to enterprise growth, strengthening business services, and improving access to financial services and credit. Identifying and alleviating the constraints to growth in high-value agricultural subsectors and urban services markets will result in growth in employment and incomes for micro- and small enterprises as well as the thousands of firms from whom they secure and to whom they deliver products and services. Through these activities, the India pro-

AMAP BDS creates wealth in poor communities and promotes economic growth by sustainably linking large numbers of micro- and small enterprises into productive markets.



gram will also promote the graduation of microenterprises into small or medium-sized enterprises, further leading to increased employment and enhanced long-term sustainability of enterprises.

Business Development Service (BDS) Support in Kenya

In 2003, ACIDI/VOCA and Action for Enterprise began implementing a four-year program to provide ongoing technical assistance in the area of business development services (BDS) to the USAID-Kenya Mission and to USAID contractors in Kenya. The program supports the mission in overseeing and ensuring the quality of BDS program planning and strategy development, and the coordination of BDS activities among the USAID-Kenya agriculture programs, including ensuring that there are adequate and proper BDS impact monitoring and evaluation systems. The overall effort will ensure that smaller firms and farmers in the rural parts of Kenya are linked to market opportunities and have access to services needed to grow their income. To date, ACIDI/VOCA and Action for Enterprise have provided training and drafted a monitoring and evaluation system for the USAID-Kenya Mission to assess the impact of their BDS programs.

Knowledge and Practice Project

ACIDI/VOCA is providing USAID/Global Bureau's Microenterprise Development Division a range of research services under the Knowledge and Practice Project, a three-year program that will research and disseminate cost-effective strategies to generate wealth and raise incomes in poor communities by linking large numbers of small enterprises into growth markets. These strategies will be used by USAID and enterprise development leaders worldwide. To support the research, ACIDI/VOCA is testing a number of market assessment tools, including value chain and cluster analysis, that target entire industries and identify the means to improve small firms' access to markets. To date, ACIDI/VOCA has conducted value chain analyses in Indonesia, looking at the cocoa industry, in Mozambique, looking at financial

products, and in Guatemala, looking at how to position the handicrafts industry in the global marketplace. In October 2004, ACIDI/VOCA will conduct an additional value chain analysis in Guatemala, looking at the horticulture sector.

Globally, micro- and small enterprises account for a substantial share of the world's total employment and gross domestic product. They are also the predominant source of income and employment for hundreds of millions of people worldwide. By focusing on the interactions of firms, regardless of size, within an industry, ACIDI/VOCA is able to address the constraints facing these enterprises and more effectively promote the involvement of micro- and small enterprises in the industry and in expanded markets. With its global reach and focus on these enterprises, AMAP BDS is a significant tool in ACIDI/VOCA's efforts to improve enterprise competitiveness and raise the incomes of poor communities worldwide.

Mark Freeman is the director of IQCs and Global Programs.

ACIDI/VOCA Consortium:

Action for Enterprise
Carana Corporation
IBM
Institute for Development
Studies, Sussex UK
Conservation International
Natural Resources Institute
Microfinance Opportunities
Ohio State University
Duggleby and Associates

ACIDI/VOCA's approach is based on three principles:

1. Industry competitiveness arises from the improved performance of firms at all levels of the industry, regardless of size. Small enterprises are key contributors to many high-growth industries.
2. Equitable growth favors industries with high micro- and small enterprise participation.
3. Competitive industries require identifying and alleviating constraints at all levels and among all firms regardless of size within a cluster or market chain.

