PATHWAYS TO RESILIENT AND SUSTAINABLE ENTERPRISE DEVELOPMENT: LESSONS FROM THE GROUND

Workshop Summary

Hosted by **Ambuja Cement Foundation** and **LEAD at Krea University**
MCA Recreation Centre, Mumbai | February 17, 2023

Cover Image: Ambuja Cement Foundation

Introduction

This note summarises insights from a workshop organised by Ambuja Cement Foundation and LEAD at Krea University in Mumbai on February 17, 2023. The workshop aimed to understand how nano and micro-businesses and livelihood opportunities can be scaled up to the growth stage, focusing on interventions around access to credit, access and linkages to markets, product diversification, branding, packaging, and quality control for these enterprises. Furthermore, it also highlights key takeaways on approaches for assessing the impact of complex livelihood interventions.

The Context

There has been increasing emphasis on developing a more inclusive and sustainable micro-entrepreneurship development ecosystem in India, in recent times. In addition to development finance, philanthropic and CSR funding is being directed to programs and interventions focused on integrated enterprise and livelihood creation in the farm and non-farm sectors. Complex interventions are increasingly being implemented and evaluated in the area of livelihoods creation, rural development and community health to assess the scalability of community-based development projects. While the effect of such complex interventions as a whole can be observed in the field, it can also help to assess impact more formally in order to delineate the nature of inputs that lead to specific, quantifiable outputs and outcomes,

thereby creating impact upon the lives of the community members in the long term. Additionally, there is merit in exploring different funding models for integrated interventions with a focus on solving for scale and enabling nano and micro businesses to graduate to higher-order enterprises.

Workshop Objectives

Ambuja Cement Foundation and LEAD at Krea University organized a half-day workshop in Mumbai that brought together experts from the fields of enterprise development, implementation partners, philanthropy, M&E and other relevant stakeholders. Through an open discussion, participants shared best practices and learnings from their work and explored how these can be adapted in different socio-cultural contexts for supporting growth-stage enterprises. The discussions also examined how participatory and innovative monitoring, evaluation and learning can contribute to understanding the impact of complex interventions and inform future interventions and policies.

- Sharing strengths and limitations of different community-based enterprise development models and pathways for graduation and scalability;
- Exploring emerging practices and lessons in designing participatory impact assessment and MEL frameworks for complex enterprise development programmes and interventions.

Insights from a Field Visit to Chandrapur

NSS data shows that nearly 62% of women-led businesses fall in the subsistence or solopreneur category, and they perform consistently poorer than their male counterparts in terms of revenue, profit, and other business health indicators. As such, there is a need to understand what types of support is required to bring high-potential women-led businesses onto the growth track. To understand the entrepreneurial landscape and identify specific areas where such businesses require assistance, LEAD conducted an exploratory scoping visit to Upparwahi in Chandrapur district of Maharashtra in November-December 2022.

ACF works with 1600+ women across three blocks of Korpana, Jivati, and Rajura in this district, with project headquarters at Upparwahi, close to the Ambuja Cement plant. Since this is primarily an agrarian economy, entrepreneurial activities in this region are mostly restricted to the agri-allied sector, specifically goat-rearing and poultry farming. Annual profits from these small businesses are in the range of 25,000 to 40,000 INR based on the size of the livestock holdings and existing business assets.

These businesses, though seen as low-cost and high gain, currently borrow small ticket size loans for working capital and tend to plateau in business performance over time. The support needed for such small businesses to graduate to the next level is in the form of credit access, demand aggregation, and robust forward linkages that can help them move from hyperlocal, organic markets to a more structured market model for their products. There are some standalone enterprises as well, such as food processing units, canteens run by Farmer Producers' Organisation (FPO), and a sanitary napkin unit that require quality control, branding and market linkage support to help expand their customer base. High repayment rate, existing domain knowledge among business owners, willingness to scale up, and strong community ownership of interventions are enablers that can be leveraged by collaborating stakeholders to improve credit access, creating structured markets anchored by the existing FPO, and investing in robust backward and forward linkages to create a scalable, sustainable entrepreneurial ecosystem.

Session 1
Sharing Strengths and Limitations of Different Community-Based Enterprise Development Models and Pathways for Graduation and Scalability

What are the enabling factors?

The workshop shed light on key structural capabilities and the intrinsic competitive advantage of community-based enterprise development models and how these can be leveraged for growth and achieving scale. The main factors that determine success include enterprises having a strategic vision and focus towards deepening their engagement with local communities and perfecting their product offerings.

At the same time, a more innovative approach towards the adoption of technology and identifying non-traditional livelihood opportunities leads to expansion beyond local markets. Some of the major success factors are:

Strategic Vision

- Community-based enterprises need to have an inspiring story of how they arrived at the product offering and enterprise idea and how they are able to narrate this story to the target customer. For e.g. Kase recognised a gap in the organic milk market and while exploring the preservation techniques, happened upon cheese as a by-product.
- Ekatra wanted to create a platform for home-based women tailors and created an 'affordable fashion' for the market.

- Enterprises that have a strong product mission and are able to ably cater to the market with a considerable profit margin without deviating from the original product have the potential to scale.
- Amalgamating impact through the aggregation of decentralised production efforts under geographically spread collectives is essential. The ideal approach is to have decentralised production and centralised marketing.

Localised Expertise
- Enterprises that use raw materials and inputs from local sources are able to keep their outputs organic and profitable.
- The product offering needs to be based on the demand of the community and opportunities need to be identified based on the community's own local context.

- Community-driven models for financial access (e.g. understanding cash flows and credit histories of enterprises within the community setting) are key enablers for access to capital. Organisations like Mann Deshi have built such models through their community engagement.
- Enterprises need to find something they can do locally. The ability to use local expertise to target national and international markets is exclusive to such community-driven enterprises. Tribal hermit works with craft clusters in Chhattisgarh and rural women artisans to ensure yearlong livelihood opportunities for women.'

Linking to Markets
- Aggregators and collectives such as ACF, Mann Deshi and Kase, work towards expanding market linkages beyond themselves for the local producers.

- This non-competitive approach ensures income stability and economic growth for local enterprises.
- While the product mission needs to be consistent, the ability to find a sustainable use for the products in different contexts ensures a wider market for local producers.
- An understanding of the local context ensures that products or services are built for the market.
- The first step is to concentrate geographically to enable impact before moving beyond borders.
- The aggregators also play a role in helping build aspiration among communities and connecting them to larger markets through branding and marketing support.

Shared Learnings

- Sharing information about successful models among the communities helps enterprise development in the local context. Forums enabled by national networks such as NRLM ensure that community-based enterprises learn from each other.
- A forward and backward understanding of the entire value chain provides a holistic understanding of breaks in structures and end-to-end cost implications for targeted product development and pricing.
- Acknowledging, respecting, and building on traditional knowledge and long-standing community economies is required.

Innovate to Scale

- Communities have identified the need to move towards non-traditional livelihoods. Upskilling in such opportunities can enable this shift.
- Building from below and exploring off-beat opportunities that can work in rural areas can expand the scope. For example, BAIF has promoted mobile food trucks in rural areas.
- There is a need to identify businesses that are truly ready and able to absorb credit for scaling up, so that the demand side in credit access is able to match up to the supply side.
- Identifying innovative by-products of traditional outputs can help in product diversification (e.g. Kase's venture into cheese).

Aggregators also play a key role in building local capacity by ensuring standardisation and quality control and organising financial literacy programs. From a gender perspective, leveraging the intrinsic creative ability of women and ensuring the models address time and mobility constraints can ensure more engagement of women in growth-oriented enterprises.

What are the Support Structures Required?

Participants shared their experiences and insights on the support required to help livelihoods graduate and achieve scale. The type of support, especially with respect to capacity building and knowledge support that is provided to enterprises should be tailored based on factors such as the age of the enterprise, whether the entrepreneur is first generation or not, and whether the enterprise is an individual one, or a collective one. Further, the service or product offered by the enterprise will also determine the type of support required. Broadly, four types of support were identified.

Financial Support

- Public-private partnerships that support women entrepreneurs with credit guarantee funds can help improve their potential to scale up immensely; organisations like Mann Deshi are looking to collaborate with stakeholders to help implement such support.

- In the field of agri-allied activities specifically, insurance for goat-rearers and poultry farmers helps create initial safety nets that aid in the establishing and scaling up of small businesses.
- Societies and collectives can provide guarantees of purchase for enterprises that are starting out, which can help with accessing market linkages based on guaranteed orders and revenue in the initial period of graduation to the growth track.

Market Linkages

- Support can be provided to enable the formalisation of enterprises: registration for GST, business licences, and other documentation are areas in which small businesses can use the help provided by implementation partners.
- Branding, packaging, and marketing support is usually core requirement for small businesses attempting to scale up. This is especially true in the case of traditional knowledge and products, where such support helps bring these to a larger market.
- Centralised logistics and transportation support through implementing partners can help multiple smaller enterprises that aim to scale up with forward linkages, which are usually an area of concern for scalability.
- Social commerce options such as WhatsApp and other digital platforms can be explored to help businesses build local markets and a robust customer base in their communities.

- Often, the geographical location of the enterprise makes it difficult for it to have working linkages with e-commerce platforms. In such a case, networks such as the Open Network for Digital Commerce (ONDC) could help platform women entrepreneurs in rural areas and connect them to digital marketplaces.

Knowledge Support
- While the focus for scalability is usually on the supply of credit, there is a need to ensure financial literacy among entrepreneurs so that there is enough demand for financial products among growth-track enterprises
- Participants identified the need for focused mentorship based on the entrepreneur's skill and the scale of the enterprise. In such efforts, what is especially important is to ensure that linguistic and cultural barriers do not hinder knowledge transfer.
- The enterprise may also need support to understand how to customise or tailor the product/service offered as per the context and capabilities of the community that is producing it as well as the market it is meant for.
- Over time, the entrepreneurs should be given enough capacity-building support so that they are able to innovate themselves through this upskilling effort.

Community Engagement
- Instead of approaching intervention design with a thematic approach, it may help to take a more segment-based approach (farmers, women and youth where multiple needs of the segment are addressed through the intervention).

- Participants shared that this has helped them design more holistic interventions.
- Building and working with community-led institutions such as Village Development Committees, SHGs and Livelihoods Committees at the village level is a crucial way to ensure community engagement and buy-in for interventions. This can also help in increasing reach within each village and ensuring that the maximum number of people in the community are engaging with the intervention.
- It is important for the implementing organisation to work with the community to help build their confidence in their own product and business idea; the organisation thus merely acts as a facilitator to help the community bring their vision to fruition.

How Can We Achieve Scale to Promote Nano/Microenterprises?

Identification and Support of Aspirational Entrepreneurs

- Need to clearly identify and differentiate livelihoods for "supplementary source of income" versus scaling up to a nano enterprise
- Individual versus group enterprises: a dilemma when supporting scale up
- Identification and assessment of readiness of enterprise (cater to bigger markets, absorb credit etc.)
- Aspirational business models beyond local context – motivated through exposure to other markets
- Willingness to scale up is important to make subsidies work in the favour of scaling up.
- Aspiration-building and grassroots mobilisation are starting points for building scale in interventions.

Role of Government

- Government is the largest implementer to institutionalise/bringing scale to local programs.

- Government subsidies are not ideal for scale-up; there needs to be more at stake from the entrepreneurs' perspective; contrasting view: incubation and seed capital from the government is actually helpful to scale up certain types of existing enterprises on growth track.
- Government support to be market driven and not provided as subsidies
- Need to link govt to localised models

Product/Service Quality and Diversification

- Standardisation of products is necessary for scale
- Find new products for diversification, identify market opportunities
- Green opportunities

Capacity Building

- A collaborative approach to philanthropy – need various perspectives, which often corporate CSR can bring in through funding and key expertise
- Building digital capabilities through video tutorials etc.

Session 2

Lessons in Designing Participatory Impact Assessment and MEL Frameworks for Complex Enterprise Development Programmes and interventions

The LEAD team presented insights on unpacking complexity within ACF's programmatic framework and the challenges in representing the ACF work in a traditional Theory of Change (ToC) framework. The team also presented LEAD's MEL approach that was applied in similar complex programs (presented below).

The presentation was followed by an experience-sharing session by the participants which focused on the challenges faced by the participants in assessing complex programs, best practices adopted by them and suggestions for improving the current approaches.

Challenges
- One of the biggest challenges is sharing the learnings with the end beneficiaries. It is important to understand what the success of the program means to the beneficiaries and community and capture those indicators.
- Current data collection practices are extractive in nature. Instead, the systems should be developed to empower the local stakeholders to collect and use the data for better program implementation.
- Mostly, quantitative data has been the only medium used by organisations for assessing the impact of interventions. The use of Ethnography and other research methods is very limited but they provide important insights that are difficult to be captured through data.
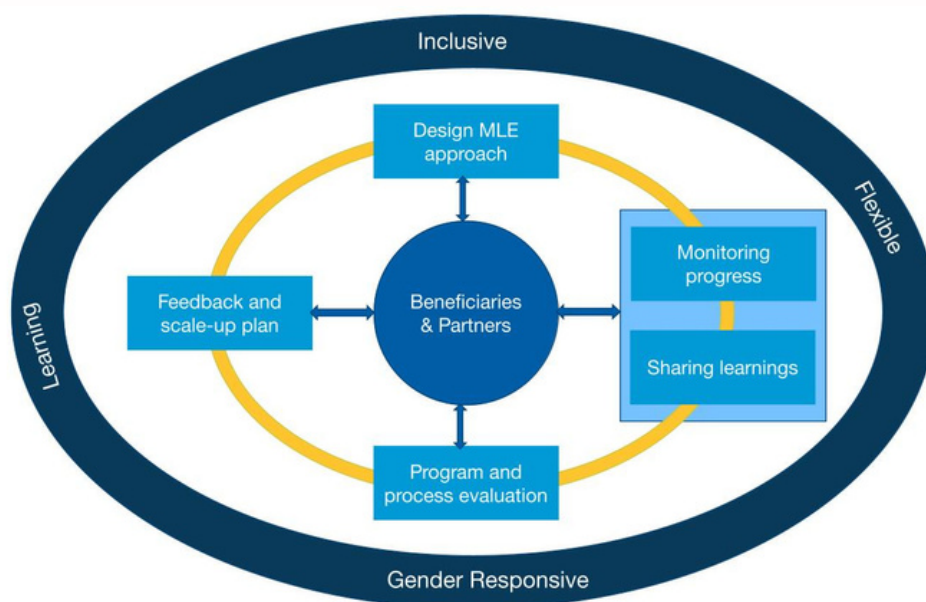
- Multiple government and non-profit organisations work on similar issues in the same geographical area. Estimating the impact generated by a particular program is very challenging

Best Practices
- In order to capture the true impact of the program, participants have designed and included indicators that move beyond business outcomes and capture the overall well-being at the household level.
- It is important to measure and track program impact beyond the intervention phase. Maintaining continuous partnerships at the ground level helps in tracking them.
- Using the latest technological developments for monitoring and evaluation can help us capture impact for complex programs.
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- Using the latest technological developments for monitoring and evaluation can help us capture impact for complex programs. For example, using GIS technologies can help track major development issues at individual and community levels.

Collaborative MEL
- Lots of data is being generated through surveys and MIS from both government and non-profits but they always remain within the concerned organisation.
- The scope of using social registry developed by the Government of India as a data sharing platform between all stakeholders was discussed.
- All the participating organisations expressed great interest in co-developing a common framework for Monitoring, Evaluation and Learning of complex programs that can be a guiding document for all organisations across the country.

Participants

Aishwarya Jhawar, Ekatra Handmade Collective

Aishwarya Jhawar is a multifaceted creative who is the visionary behind all things design for Ekatra. Coming from a background in Urban Planning and visual communication, Aishwarya mixes the elements of minimal design with a hand touch that results in elevated products & designs. Inspired by colour, texture, art, style & Rajasthan's surroundings, Ekatra comes to life to complement an artistic lifestyle. Every piece in the Ekatra line is conceived, designed and created by Aishwarya and her small creative team.

Aishwarya Joshi, LEAD at Krea University

Aishwarya Joshi is a Research Manager with LEAD. She is a qualitative research specialist and has previously worked as a consultant with academic institutions and non-governmental organisations, providing research support for action-research studies for the University of Göttingen, NITI Aayog, Population Council India, among others.

Anagha Kamath, Mann Deshi Foundation

Anagha works on strategy, impact and innovation at the Mann Deshi Foundation. She works closely with the community empowerment programmes focusing on providing affordable and accessible healthcare for all; enabling women farmers to understand and practice climate-smart agriculture; and encouraging young girls to become confident individuals through a sports for development programme and a youth development centre.

Anagha Mahajani, Ambuja Cement Foundation

Anagha Mahajani has over 25 years' experience in the development sector and is the Head – Program Research and Monitoring at Ambuja Cement Foundation. Prior to joining ACF she worked as a freelance development consultant and trainer working with leading national and international organisations including Tata Trusts, EZE, and Christian Aid among others.

Andrew Williams, Asian Paints

Andrew heads Customer Centricity and CSR function at Asian Paints. Andrew has a Post-Graduation in Communication from MICA. He has a keen interest in the evolution of technology and its applicability to providing solutions to mankind. In his spare time, he enjoys watching content on Forensic Sciences.

Astrid Pereira, Ambuja Cement Foundation

Astrid heads the communications team at Ambuja Cement Foundation. She has nearly 10 years of international experience in the marketing and communications space. She has previously worked as Senior Marketing Executive with OMA Emirates LLC and Communication and Research officer with Innovaid Advisory.

Deepthi Reddy, Reliance Foundation

Deepthi Reddy is the Chief of Women Empowerment at Reliance Foundation. She has previously served as CEO of Samunnati Foundation and has 20+ years of thought leadership in management on India–focused development and rural infrastructure across multiple social sector–focused organisations driving impact and sustainability of social business enterprises.

Gayathri Balan, Ambuja Cement Foundation

Gayathri Balan leads the partnership portfolio at Ambuja Cement Foundation. She has over 9 years of experience in the development sector. Her specialization is in donor stewardship, fundraising and partnership building. She has previously worked as Business Development Manager at LEAD at Krea University and as Consultant with the public sector advisory team in PwC India.

Mangesh Wange, Swades Foundation

Mangesh Wange is the CEO of Swades Foundation. He has more than 34 years of experience of which 27 years is in the Corporate sector with Mahindra, Godrej, Fullerton and Thomson Reuters. His general management experience includes modern retail, Consumer Goods, Micro–Finance and Agri Inputs. He forayed into the social sector in 2016.

Manish Joshi, Narotam Sekhsaria Foundation

Manish is the CEO of Narotam Sekhsaria Foundation, Mumbai. He has been working in the development space since last 26 years. Manish's experiences ranges across sectors nationally and internationally. He has worked in international development and has been overseas for 12 years working with INGO's and managing programmes and projects at scale.

Morchan Karthick, LEAD at Krea University

Karthick anchors the data innovations vertical at LEAD. He is an evaluation and data analytics expert with more than eight years of research and consulting experience. Prior to joining LEAD, Karthick has worked in research teams of MicroSave Consulting and CARE India.

Nabarun Sengupta, Independent Expert

Nabarun Sen Gupta has been involved in rural development issues for nearly around two and half decades. He specializes in supporting organisations/agencies involved with various kinds of developmental efforts focusing on livelihoods. Apart from his exposure to development work in India, he had been associated with establishing a Virtual Livelihood School in East Africa along with partners of Ford Foundation.

Namrata Sundaresan, Kase Cheese

Namrata Sundaresan is a cheesemaker based out of Chennai, India. She learnt cheesemaking during a farm stay in Acres Wild, Coonoor in November 2015. Soon she found herself speaking to her friend & Business partner, Anuradha Krishnamoorthy and about 6 months later, they had set up a small artisan cheesemaking brand, Käse, in an urban kitchen where they work with differently abled women.

Nirmaan Datta, Tribal Hermit

Nirmaan Datta's journey started with the desire to contribute towards the upliftment of the tribal community around which he spent his childhood watching beautiful metal pieces casted out of scrap metal. After working for around five years in the corporate he returned to his hometown right before the pandemic and started working on Tribal Hermit, currently incubated at the Catalyst AIC, Jaipur (IFMR Society initiative).

Pearl Tiwari, Ambuja Cement Foundation

Pearl Tiwari is a development professional with over 36 years of experience, currently focussed on CSR. She leads Ambuja Cement Foundation which has today scaled models of rural development to well beyond Ambuja's geographies. With a desire to contribute towards socio-economic development for marginalised communities, Pearl is passionate about being involved in strategic corporate social responsibility and inclusive development.

Preethi Rao, LEAD at Krea University

Preethi Rao oversees the leveraging evidence function (collaborations, training, learning and communications, and innovations) at LEAD. Preethi has served the organization in various capacities such as Head – Innovation, Senior Operations Manager and Researcher (MSME). For IWWAGE, an initiative of LEAD conducting research on women's economic empowerment, she serves as the Innovation Lead, assisting in setting up the hub, and setting up outreach protocols in coordination with the team.

Prerna Langa, Aga Khan Agency for Development

Prerna Langa has 25 years of experience with an MBA and a diploma in sustainability. She set up, ran and scaled two corporate foundations for large private sector banks in India. She serves on the advisory board of Raintree Foundation, non-profit and as a trustee of Dvara holdings (former IFMR trust).

Dr. Rajashree Joshi, BAIF Development Research Foundation

Dr. Rajashree Joshi is the Programme Director at BAIF Development Research Foundation, a reputed NGO having five decades of work and commitment for the cause of sustainable rural development. She is a Social Scientist and a professional development professional having almost 30 years of practitioner's work experience, covering diverse interdisciplinary development programs.

Sharon Buteau, LEAD at Krea University

Sharon Buteau combines expansive experience of over 18 years in research and international development, with over 7 years in the field of digital financial services and financial inclusion. Sharon is deeply passionate about finding effective solutions to promote enterprise growth and development, and realising the untapped potential of micro and small businesses.

Shimona Chadha, Mann Deshi Foundation

Shimona has a Master's in Development Studies and is extremely passionate about working with rural communities. She has been a part of the Mann Deshi Team for over a year and oversees project implementation and fundraising for community development programs, specially the Agricultural and Sports Program (Mann Deshi Champions).

Sourav Roy, National Rural Livelihoods Mission (NRLM)

Sourav is the National Mission Manager for the Ministry of Rural Development's National Rural Livelihoods Mission (NRLM). National Rural Livelihood Mission is a poverty alleviation project implemented by the Ministry of Rural Development, Government of India. The initiative has covered over 7,000 blocks across the country and has promoted 82.3 lakh SHGs till date.

About the Organisers

Ambuja Cement Foundation

Ambuja Foundation is an independent, pan-India development organization, committed to generating prosperous rural communities. We believe in the vast, untapped potential of rural communities and the unstoppable power of the people that live there. With investments in water, agriculture, skills, women, health and education, we enable 'livelihoods' as a pathway to unleashing that potential. Partnering with like-minded corporates, Governments and others, ACF works collaboratively with communities to solve pressing community problems – empowering local people to be the catalysts and drivers of change.

www.ambujacementfoundation.org

LEAD at Krea University

LEAD is an action-oriented research centre of IFMR Society that leverages the power of research, innovation and co-creation to solve complex and pressing challenges in development. Since 2005, LEAD has been at the forefront of financial inclusion and SME research in India. LEAD has strategic oversight and brand support from Krea University (sponsored by IFMR Society) to enable synergies between academia and the research centre.

www.ifmrlead.org