

Book Review

*Building Businesses with Small Producers:
Successful Business Development Services in
Africa, Asia, and Latin America*

Edited by Sunita Kapila and Donald Mead

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The success of microcredit and microfinance in poverty reduction and income generation is responsible for the continual analysis of the growing role of business development services in the microenterprise and small business sectors of developing countries. Business development services offer a compliment, and sometimes an alternative, to lending for entrepreneurs who need assistance to establish small enterprises, expand production capacity, or improve product quality.

What is sometimes forgotten in the field of microenterprise development is that a majority of microenterprises and small businesses in developing countries do not yet have access to microcredit. Even where microfinance is available, it is not always a lack of financing that keeps businesses from expanding. As *Building Businesses with Small Producers* highlights, those in the field of microenterprise development are increasingly recognizing that “credit alone is not enough to result in sustainable increases in productivity and income.” Business development services traditionally assist with business startup,

product development, and market assessment and development and offer technical assistance and training in management, marketing, finance, and accounting. But what has the overall impact of business development services on microenterprise development been? Compared to microfinance and other income generation initiatives, are business development services cost effective?

Building Businesses with Small Producers presents the findings of a research project conducted in 1998 by the International Development Research Center of Canada and five major NGOs. Seven case studies of business development services projects are reviewed and compared, with a focus on analyzing the “design and delivery” of each of the business development services. The goal of the research project was to identify success factors among the seven case studies, with an emphasis on cost effectiveness, economic impact, and sustainability.

In the introductory chapter, the editors review the emerging role of business development services in the field of microenterprise development and give an overview of the seven case studies. The following chapters present the case studies in detail, which include a food processing project in Bangladesh, an export market project for small farmers in Bolivia, a light-engineering project in Zimbabwe, an edible oil project in Zimbabwe, an ornamental fish project in Sri Lanka, a grain marketing project in Ghana, and a smallholder coffee project in El Salvador. Five of the projects in these case studies are focused on establishing small agricultural enterprises and expanding the production of agricultural products. Only the light-engineering project in Zimbabwe and the ornamental fish project in Sri Lanka are not focused on agriculture. The case studies cover both local and export market development, with the analysis of the food processing project in Bangladesh serving as an example of developing products for a local market.

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The final chapter of the book presents some “good practice principles for the design and delivery of business development services” based on the findings of the research project. The editors suggest that the success of business development services is determined by factors such as the “scale of intervention,” “diversification in the delivery of services,” and “the key role of the implementing agency.” The editors then present suggestions for the development of commercial business development services and for the changing roles and evolution of established business development services. The editors also propose recommendations derived from the seven case studies on assessing impact, cost effectiveness, and sustainability of business development services.

In each of the case studies presented in the book, business development services were offered to subsectors rather than to individual participants, and the projects focused specifically on promoting microenterprise development among the rural poor. Because these projects focused on the rural poor, many of the clients were illiterate and located in rural areas; therefore the design of services didn’t necessarily include high levels of client participation. Also, in each of the case studies, NGOs played a key role in the project, and clients received a package of business development services, which included microfinance in several cases.

Overall, *Building Businesses with Small Producers* offers readers a comprehensive review of the factors that are essential to the design and implementation of successful business development services. Although the findings might not be entirely relevant to urban microenterprise development projects or business development services targeting small business or medium-scale enterprises, the book does offer lessons to microenterprise development practitioners and those in the microfinance sector.

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