



**Asia-Pacific  
Economic Cooperation**

**Supply Movement Framework and Tools**

**(Phase IV of Models for Supporting Women's Micro-  
Enterprise Development)**

**Best Practices and Guidelines Assessment and  
Recommendations**

**APEC Small and Medium Enterprises Working Group**

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## Executive Summary

Since 1996, the Women's Leader's Network (WLN) has worked with the Asia-Pacific Economic Cooperation (APEC) to create conditions that ensure the economic prosperity of women is realized through trade. Through its various funding programs, The APEC Secretariat supports promising initiatives to advance the participation of women in the APEC economies to achieve its goals of the integration of gender perspectives in APEC.

Different economies take a number of different approaches to enhance their micro-enterprise sector. The results of *The Supply Movement Framework and Tools (Phase IV of Models for Supporting Women's Micro-Enterprise Development: Best Practices and Guidelines Assessment and Recommendations from Phase III of a Four-Phase Study for APEC)* recommend how some of the key activities that form the basis for a women's trade network should evolve to emerge as best practices. The main goal of a Women's Trade Network is to help women find new channels for distribution and trade opportunities.

The Project completed tasks to define a value-chain framework to support women's access to markets, and micro-enterprise development. Women from Canada, Chile, Peru and Vietnam participated in a project investigating the feasibility of developing a Women's Trade Network with an emphasis on rural and Indigenous women, culminating in MOUs with different organizations in the participating economies. The project undertook four key activities to further the development of a trade network:

- Development of Product Selection Criteria
- Development of Partnerships
- Identification of the Micro-enterprises
- Training for Export

### *Product criteria*

The product and enterprise criteria is instrumental in organizing an approach to new markets. It creates the framework for pulling together the products and enterprises and sets the parameters for the export activity by identifying some product leaders for new export markets. Product criteria address quality and industry standards and is useful to establish the level of development and skill required in the production process for an enterprise or product. Criteria should be flexible to respond to the key factors such as *affordability, skills and networks, and scalability* that impact many indigenous or rural and remote enterprises. The criteria serves a model to evaluate a product's marketability and determines and shapes the merchandising efforts necessary to gain access to new markets, on an individual product scale or an overall market development approach.

### *Partnerships development*

Several partners play key roles to build and launch a trade network including identifying and coordinating the activity to assist with market access, as well as organizing the resources to make it happen.

Highly valued and important in working with the plethora of NGOs and women's organizations with different mandates working to increase women's participation in trade activity is the shared commitment to the long-term aspects of the initiatives where export activity and business development is a priority and an on-the ground partner is able to mobilize resources to achieve the objectives.

Communication is essential to a successful partnership and to the success of a trade network. The partner must have access to consistent and reliable communication to respond in a timely and efficient manner including infrastructure as well as the practice and procedures for responding to inquiries. On-the-ground coordinators with language ability of the export market being targeted play a vital role in facilitating women's activity and reduce intermittent and limited follow-up activity. Enterprises that have more success in positioning their products are likely to be working with organizations and partners who have access to reliable and consistent communication whether it is through on-the-ground communication, internet access, group support or personnel.

Development of memorandums of understanding (MOU) among the different potential partners is a key component of a trade network. One of the lessons learned in developing the MOU is newer organizations take longer to conclude the MOU particularly when the organization is learning market development and export activity or is in the process of evolving from an informal organization to a formal legal entity.

The purpose of the MOU is to streamline activities and ensure all parties contribute to the project objectives. The MOU outlines the expectations for each economy partner to identify the producers to include in a trade network, and ensure the partners have a role in creating more market access for women. The intent of the MOU is to set the parameters and scope of the involvement. It serves as a guiding document, rather than a legally binding document at this phase of the development.

### *Product identification*

Knowledge of the product base of an economy is critical for developing trade relationships. An environmental scan is usually the first step for identifying the products and involves identifying a range of products that are close to being market-ready as well as women producers. This component forms a key part of a trade network and allows the project coordinators to begin the task of matching the products to new markets. The resulting database of products from this activity assists women to define market niches, distribution opportunities, specialty markets and brand development, as well as the potential for distribution channels. It is important in this environmental scan to specify:

- The types of markets women are seeking
- Product readiness for specific markets
- Possibilities for inclusion in a specific trade network
- Product aggregation potential (with other indigenous or rural specific marketing opportunities, for instance)
- Existing or developing opportunities with potential distributors
- Pricing for export markets

Through the environmental scan, women can be identified for the training development, as well as the potential for distribution channels for the products to become better known.

### *Role of government*

Difficulties such as transportation, lack of access to information and the internet, and financing of infrastructure require investment. In some cases in emerging economies large transnational corporations provide this investment, but very seldom can small and mid-size entities involved in trade provide this resource. Thus, it is unrealistic to expect this role from sources other than government. Strong government support and demonstrated interest and commitment to developing the micro-enterprise sector of the economy through government's own source funds is essential in smaller-size projects.

Buyers, facilitators and other export agencies are interested in trade opportunities not development activity, and governments that are ready to support the facilitation process can foster quicker market access opportunities for the micro-enterprise and small business sector. Related to this support is the need to increase the dialogue between government, the private sector, service providers and NGO's .

Support for the activities to enable market access can come from different departments or organs of the government. In providing support for the economic empowerment of women, government can play a role in three areas: addressing the gaps in policy; providing resources to build capacity; and outreach to the marginalized communities (geographic, cultural and other factors) of their economy. It is important for one department to play the lead role and coordinate resources. Non-aligned policy and activity across different government departments and at an operational level hinder the progress of the micro-enterprises trade activity.

### *Micro-enterprise training*

Effective pricing for new markets is a huge challenge women face in pursuing new markets. Export agencies need to provide additional information to assist micro-enterprises to realize the optimum pricing formulas for export activity and to ensure women are better positioned to negotiate their market entry pricing. Training must address pricing issues, fair trade and the cost-benefit of pursuing new export markets including the modification of the businesses to deliver their products as well as internet sales which also have a significant impact on the pricing structures. An important lesson learned from this project is that the pricing issue will impact the

enterprises significantly, as well as the partners' effectiveness to help women deliver their products.

The informal market plays a significant role in women's lives because it offers an ease of entry and accommodates women who often supplement income but it also tends to keep selling prices low because of saturation, with women under-selling products, and bringing down prices, which is evident in how labour cost are reflected in below minimum and average wage levels. Because many of these products are made by home based businesses, the producer often does not factor in labour costs, or other normal costs of doing business, such as utilities and supplies. Sales in the informal economy offer little value-added opportunity and detract from raising products to a larger market appeal, where value-added pricing and profitability can occur in brand, luxury and niche markets development. Training approaches must address a range of revenue models that identify the "most successful" product that can offer the best potential for women to make the initial sales and begin to build the liaisons and relationships with buyers.

The project confirms that a recommended approach is to ensure a product assessment phase is built into the training to offer women the opportunity to test their concepts and assist them in determining the revenue model that will be most profitable for their enterprise.

One observation made during the training and throughout the project is that micro-enterprises demonstrate the ability to respond rapidly after sessions that provide market intelligence (e.g. preferred designs, seasons, colours, specialty customers etc). Training that supports and builds this capacity should be a strategic priority for economies that want to focus on assisting micro-enterprises increase export activity.





## Introduction

This paper presents findings about the readiness of women-owned micro-enterprises to enter the trade and export sector and how the development of a trade network that focuses on women's products can facilitate entry into new markets. The paper offers observations about training outcomes and the coordination activity that forms part of the critical path for women to move toward new markets. It also provides insight into the challenges that they will encounter. Women from four economies including Peru, Vietnam, Chile and Canada are the key participants in this project. In order to avoid identifying individuals or individual enterprises, the results provide general comments and except for a few examples, no specific information about participants or economies is given.

This project's primary focus is on establishing the foundation to launch a micro-enterprise trading network. The findings highlight the obstacles and challenges, and identify the practical steps that can be taken to strengthen women's participation in trade and increase their ability to access new markets. These findings describe solutions that capture the competitive advantages and unique features of women's enterprises.

The observations also discuss how enterprises need to adapt to capitalize on emerging trends to position their products for unique value chain opportunities in domestic and international markets. This project report discusses the development of 5 important foundational elements that serve as a framework and are based on extensive feedback, supporting research and best practices. These foundational elements include:

- Establishing product criteria for new markets
- Establishing enterprise criteria for new markets
- Partner identification and development
- Product identification
- Training

## *Project Description*

The project's focus is on enterprise support programs in APEC economies where there are significant rural and indigenous populations and women's micro-enterprises. The objectives are:

- To establish a sustainable trading network within the APEC region that features products produced by micro-enterprises, with an emphasis on micro-enterprises owned by rural women and indigenous peoples. This approach pilots programs that can then be replicated in any or all APEC economies by including micro enterprises in the trading network and by supporting other micro enterprise development programs.
- To develop a framework for supply movement that can be used by APEC economies to support micro-enterprise development and access to international trading opportunities and to facilitate their participation in the micro-enterprise trading network.
- To identify aggregated groups of micro-enterprise produced products in Canada, Chile, Peru and Vietnam, analyze the related distribution issues and assess the most effective micro-enterprise support models and groups of partners for each economy.

The project builds on work supported by the APEC Secretariat in the past three years to develop a Trade Network and provide women with training to learn the skills to enhance the export potential of their products and develop new domestic and international market access. Women micro-enterprise owners in the APEC region are a target group, but the project is most notable for the special efforts being made to include Indigenous rural and remote women micro-enterprise owners, who experience significant challenges to access markets. The Trade Network links to international suppliers, producers, and distributors that involve other people from rural, remote and Indigenous communities. The network increases market access through value chain opportunities by working with women's enterprises and products and facilitates expansion opportunities to increase income and employment opportunities. Women can pursue different value chain activity as they learn a variety

of options and growth strategies including developing unique approaches for business or production.

Project coordinators worked with women and women's organizations to establish key on-the-ground activities to link women to new market opportunities in Chile, Peru, Vietnam and Canada. These activities include providing information women need to learn about markets in different economies, products assessments, and skills development. An important project element also includes organizing the coordination logistics necessary to access new markets.

Project coordinators work with government, NGOs, women's organizations and other stakeholders to help ensure that the appropriate supports exist to prepare women to bring their products to new markets. The market access opportunities provided through a Trade Network can provide include product aggregation, wholesale and retail sector development, distribution, development of specialty and niche markets, and brand and trade mark development. Specialty and niche market channels represent lucrative opportunities for women and their families because typically they already have the capacity and skills, and cultural and artistic expression upon which they can build. They dominate the sector in their own locales, and in many case their intellectual property and cultural and economic characteristics give them a unique competitive advantage.

The project reaches a significant number of women. Since its launch in 2006, more than 600 producers in four economies, and more than 2,500 WLN members at the last five WLN meetings have received information. During this phase, close to 300 women participants, government officials and workers with NGOs, and other stakeholders had the opportunity to attend training in Canada, Peru, Vietnam and Chile or were engaged in developing trade network opportunities. As of September 2010, Chinese Taipei joined the network and since then has been actively identifying and recruiting producers and partners in Chinese Taipei to participate in the next phase.

### *Background*

The 2008 Statement by Ministers Responsible for Trade welcomed the reports from the Gender Focal Point Network (GFPN) and Women Leaders' Network (WLN), and

recognised the importance of integrating gender considerations into the development of trade policy, and the need to strengthen APEC's capacity in this regard. The statement reflects the desire to support the promotion of women exporters in the APEC region, particularly in developing economies, and reinforces the importance of continued cooperation between APEC and the business community to ensure that women entrepreneurs are able to both contribute to, and benefit from, free trade in the Asia-Pacific region.

A project entitled *The Supply Movement Framework and Tools (Phase IV of Models for Supporting Women's Micro-Enterprise Development: Best Practices and Guidelines Assessment and Recommendations from Phase III of a Four-Phase Study for APEC)* supports direct action to strengthen women exporters involvement in trade.

The project directly responds to the APEC SME Working Group's strategic plan to strengthen micro-enterprises' access to the international market and mission to promote the development of youth, women and minorities' SME's and ME's. These are listed as two of the SME Working Group's priorities as well as addressing the needs of micro-enterprises in increased access to information and market opportunities and enhancing market development and promotion skills.

The project also responds to all five of Peru's priorities as stated in the WLN 2008 Recommendations to SME Ministers, Trade Ministers and Leaders as:

- Facilitation of Women's Access to International Markets
- Education in ICT
- Corporate Social Responsibility
- Rural Women and Trade
- Micro Enterprise and Micro Finance

Finally the project, also directly responds to the Osaka Action Agenda: Implementation of the Bogor Declaration in the section on trade promotion that indicates that APEC economies will work to:

- a. establish a network among trade promotion organizations in order to enhance linkages and cooperation among them;

- b. improve and convene training courses for the furtherance of trade promotion-related skills, and develop a mechanism for the exchange of trade promotion experts; and
- c. compile information on measures supporting and facilitating import and export activities in each APEC economy, and disseminate this to the business/private sector and trade promotion organizations.

This project follows work done in 2006-07 - *Models for Supporting Women's Micro-Enterprise Development: Best Practices and Guidelines Assessment and Recommendations from Phase III of a Four-Phase Study*. The three phases of this project are summarized below:

**Phase I:** assessed program and policy support models for micro-enterprises owned by women and indigenous people by conducting a review of existing programs (other than microfinance) to identify a set of best practices with regard to policy and program support for micro-enterprise development.

**Phase II:** involved a consultative process to obtain feedback from women's micro-enterprises about which of the best practices identified in Phase I would most effectively meet their needs. It also assessed the fundamental criteria that need to be in place to enable women's micro-enterprises to become sustainable, to shift from domestic to international production or to become suppliers to larger-scale exporters within their own economies. These models also examined different stages of micro-enterprise development and ways to build on raw products and enhance their supply chain value within both the domestic and international economies.

**Phase III:** focused on conducting feasibility studies to assess the support models. Additional consultative workshops, training sessions and site visits were held in three APEC economies (Chile, Canada and Vietnam), complemented by interviews with trade show participants, site visits, meetings with NGO's, field missions, and presentations to the 2008 Women in Export and 2008 WLN meetings in Peru. Government institutions, civil society organizations, indigenous and rural women and the private sector collaborated in all four economies.

The main findings of the workshops were consistent across both the developed and developing economies with rural and indigenous women, micro-enterprises and other stakeholders such as NGO's and government agencies in all economies confirming that women's micro-enterprises face multiple challenges related to the size and location of their businesses, the nature of their products, various types of gender discrimination, and the dual role of women as family providers and caregivers in most APEC economies. The consultations highlight a particular need for programs that address these challenges in specific ways and which would:

- Result in actual trade activity and trading partnerships
- Focus on assisting small producers in finding and accessing opportunities to promote products through enhancing their position in the economic value chain
- Foster collaboration between the private and civil society sectors, with the public sector or an NGO playing a critical facilitation role as a cross-sector coordinator
- Provide a continuum of services and training that take into account the different stages of growth of micro-enterprises and the gender issues involved
- Recognize the need for and impact of networking
- Facilitate product pooling at the local, regional, and economy-wide levels, and provide access to product pooling venues
- Increase access to expertise in product design, business development advice and training, information on potential markets, market information and new technologies, and product distribution
- Provide legal and professional advice
- Address intellectual property issues and their impact on indigenous women
- Make links with affordable credit programs.

The feasibility studies also confirmed that targeted supports for women-owned micro-enterprises need to meet minimum product, producer and program criteria. Through the consultations and feasibility studies, the research team developed and

refined these criteria and formulated specific guidelines and recommendations for micro-enterprise support programs. The criteria, guidelines and recommendations constituted Phase III of this project and are the result of a careful review and analysis the key elements required to ensure a successful micro-enterprise development and support program.

## **Establishing product and enterprise criteria for new markets**

### *Product criteria as an organizational tool*

The main goal of the Trade Network is help women find new channels and market development opportunities. Over the course of this work some criteria and conditions important to developing a trade network were identified. These notional criteria are useful to set parameters for enterprises new to exporting or that are trying to access markets.

The product and enterprise criterion is instrumental in organizing an approach to new markets. First, it creates the framework for pulling together the products and enterprises that have a common “feel” and “fit” which helps to pinpoint opportunities. The criteria can take many forms depending on the industries, themes, and type of activity that facilitators and marketers engage in. For instance, a decision was made at the outset not to include food because of specialized skills requirements, labeling, quality control and high barriers of entry into Canadian markets, and the project team’s lack of familiarity and expertise with the food market and environment. While the criteria may exclude many participants, it shapes and provides a sharper focus on certain types of other products. However, nothing prevents another facilitator to establish a suite of criteria to target other markets, and doing so would cause a different cast of women to participate.

Second the criteria, must very quickly establish the level of development and skill required in the production process for an enterprise or product. For instance requiring the ability to produce a product sample ascribes a certain level of preparedness of a business and eliminates those who may be at a conceptual level of product development. It may also cause a “re-think” on what women want to do. In some circumstances the enterprise is so small that it cannot absorb the cost of



producing a sample, or samples are made in lesser quality materials and therefore are not truly representative of the end product.

An example of the criteria considered important in launching a women's trade network during the project was "a wide range of production capacity" which specifically includes a range of efforts from part-time, home-based businesses to factory level workers, allowing for wide participation. Indeed, one of the observations in the project is that combining different women with similar skills can be a key factor in the ability of an NGO or a women-owned enterprise to deliver a product. Often the blend of different abilities of organizations and women result in cooperative efforts that enable a sale to occur. One Vietnam producer was able to organize different women who worked from their homes to deliver a unified product. A Peruvian NGO worked with other women-owned businesses more experienced in product delivery to respond to an inquiry about ordering a product. Another Peruvian model included a private sector woman working with a group of indigenous and rural women producers to promote and sell their products under one 'umbrella'.

Third, the criteria provides a model to evaluate a product's marketability and determines and shapes the merchandising efforts necessary to gain access to new markets, on an individual product scale or an overall market development approach.

### *Notional criteria to launch activity*

The notional criteria respond to key factors that impact women which are often a major concern of many marginalized or rural and remote businesses: *affordability, skill and networks, and scalability* (see appendix 1).

Affordability is critical for many reasons but particularly because many start-up and micro-enterprises run by women, do not have the equity or finance to grow their business, or make large investments, as many women live at the subsistence level. Time is also a limited resource because women tend to work on a variety of tasks in the home, and at earning a living. Hence, the activities of women are often driven by what they can afford to do. Often their production is a way to supplement income, or in many cases their only source of income. Accessing finance can be time-consuming, costly and requires a form of collateral and assurance that many women cannot afford to pursue. The product to market approach is a more immediate way to

generate the moneys to build business and indeed this is what market access provides.

To keep the focus on market accessibility, it is important to focus women's attention on getting products to market to obtain the first sales that can generate income. Affordability becomes very important in the product selection and assessment process. To set the winning conditions for a trade network to gather momentum, making sales must be at the forefront and women with products that are "more market-ready" serve as the leaders to do this. While the project is concerned with all women, those who have a product that could potentially be in demand, without too much alteration or development are those that were sought in these early stages. Such affordability criteria enable women to focus more on the logistics of getting the product into a market rather than huge financing costs for the product's entry to a market.

Skill is perhaps one of the greatest assets that Indigenous and rural women have to lay the foundation for success. The global trend toward more, sustainability, "fairness" or fair trade and "green" and a focus on the natural environment is now their competitive advantage in market development.

Businesses can grow from different approaches including the environment that surrounds an enterprise. The parameters set by the notional criteria recognize networks and special "traditional" skills and knowledge as two important assets to be nurtured. Women with limited or no capital but well grounded in a community can count on the cooperation and support of her network of family and friends, in developing their business. Their networks are therefore a positive and valuable factor that would likely influence a women's business success.

Another factor which helps to set the parameters for the trade network is *scalability* of the enterprise which is characterized by six product criteria which have been used in all phases of the project.

1. Scalability – ability to respond to different markets
2. Available and adequate production capacity
3. Weight of products for shipping
4. Multiple potential market entry points

5. Light investment load
6. Duties exemption where possible

The parameters are not firmly defined but provide the broad classification to identify potential products which can then be matched to new market opportunities and channels. The criteria are significant in the product assessments undertaken with women. For instance one of the criteria is the weight of products for shipping. Products that are light in weight, smaller in size and use raw material that is abundantly available will impact the product costs. Additionally, such criteria can become important in the number of units that can be supplied by women without her encumbering huge financing costs.

In addition to the product criteria, there are enterprise characteristics that facilitate the development of a trade network. The enterprise characteristics also form an important part of the trade network's development, and are helpful to select the initial participants to target. The enterprise characteristics capture the target that is of interest and pays attention to the geographic (isolated, rural, indigenous) locations. The skills and economic conditions are included as part of the criteria to ensure the women's work is recognized in the trade network, primarily because of the unique skills and products that these women can deliver to new markets where consumers are demanding "green", "sustainable", environmentally friendly and unique products . In addition, enterprises that have the ability to increase their production is an important factor when considering the supply of product and formed part of the initial considerations in setting the parameters.

### *Key findings in applying the product criteria*

It is evident that not all of the enterprises meet the criteria and it is doubtful if all products fit the parameters for the export activity. The criteria serve as a base to target enterprises owners and producers who are "more ready" to link to export markets. It provides a useful foundation for organizing women's products and the project findings demonstrate women can mobilize their activities and resources when they receive direction and information relating to the market development opportunities.

In forming a network, the criteria tool is an effective starting point to target producers and products. Because women are dependent on their products for income, they will make several different types and lines to enhance their local or regional sales. The women-owned micro-enterprises that do tend to specialize face the challenge of establishing the industry quality and standards. i.e. responding to consistent production process and results.

A lesson learned is that a clear focus and direction and efficient product matching results when the criteria guides the process. It eliminates some producers but provides the ability to identify the specialized ordering of products to match business demands. It is a way to coordinate the production activity of women which remains a challenge because industry organization is practically non-existent for many products. Women are making the efforts alone and trying to drive an industry with few supports and as a result, do not find the “traction” to increase their production. Well defined criteria allow the more immediate potential successes to emerge and provide the ability to target the “early wins” for new markets.

These findings suggest substantial investment and on-the-ground coordination for organizing around product potential need to form part of trade activity in the initial start-up phases. With the help of some NGOs, some enterprises have quality products but the general observation is that women do not specialize or concentrate on product development or in one particular line of products, although Vietnam enterprises are more likely to be more specialized.

Finally, the criteria, as a tool is useful in gaining insight on the capacity and production quality of the enterprises. Production capacity is central to developing export markets, and to providing women with the incomes they require to earn a living. Assisting women to recognize the markets they want to target is a necessary step in defining their export potential. Limiting options with criteria enables them and others to understand the capacity of their enterprise or the capacity of the groups that may produce to deliver an order.

## **Partner identification and development**

### *Partnership capability*

Partnerships are essential for building and launching a trade network. Partners provide support to the enterprises and play a role in identifying and coordinating the activity to assist with market access, as well as organizing the resources to make it happen. Early in the development phase the partnerships requirements became evident, and their integral functions emerged over the course of the project.

As the project progressed, it became evident local partners must have the expertise to serve as the on-the-ground coordinators and in a foreign managed and funded project must be able to provide:

- Insight into the local culture, conditions, political and economic situation and needs, particularly with respect to the condition of local and indigenous women
- Appropriate connections and contacts into the local communities, official offices and facilities
- Facilities or ability to arrange facilities for providing training by project partners
- Potential mentoring to project participants
- Coordination with local media to ensure publicity and attention is paid to the success of the project (the concept being that the more attention the successful micro producers receive the more successful the project and the more opportunity is created for other women and to attract more sponsors and supporters)
- Access to trainers and business experience from different sectors
- Monitoring of the progress of the local project
- A central and core local administrator for the project which in turn helps to strengthen the local NGO

- Consistent and reliable communication with the foreign partners
- The capacity to speak English and communicate with foreign partners
- Facilitate product aggregation and coordination

### *Partnership approaches*

A plethora of NGOs and women's organizations exist in the different economies with all of them supporting quite different mandates. Some are new, working with a variety of women's issues, and not particularly inclined toward business development or see economic development as one need in a range of women's needs. The project coordinators encountered many different organizations throughout the project. These organizations include the private sector, foundations, business organizations and other public entities with different interests in trade promotion. Assessing the "right fit" of partners for the project objectives is a huge undertaking and limited by the resources available. Additionally, there is limited organized information relating to the various NGOs, foundations and other organizations available.

Finding the appropriate project partner became a huge challenge for the project. Competition for corporate funding and partnership development is very high, and there are many organizations to pursue for collaboration. Because of the maze of organizations in all the economies, and brevity of information to understand the vast development projects going on, the project set out to identify potential local NGOs and organizations that already had relationships with women micro-producers.

Different partnership arrangements with private sector partners are possible and often recommendations to form relationships with the private sector were suggested by government and other stakeholders, from some economies. However, often these partnerships can pose challenges because of the time requirement and cost to begin structuring a plan. Representatives from this sector indicate they are reluctant to work with NGOs because their objectives are often unclear. Few private sectors companies have a social entrepreneurship program with objectives consistent with that of the project.

Foundations are similar to NGO's and typically these organizations have their own focus and mandate. While the project explored some possibilities many are private or faith-based or faith-driven foundations working in development and then generally it is difficult to align all the objectives of both parties. However, many are attempting to develop market access for the skills and production in certain regions and their efforts focus on community development. With respect to indigenous and rural people and the community development process, it is important to reflect the culture and traditions in development efforts, and this consideration is paramount in the project. Few organizations meeting this important criterion could be identified during the project's operation.

Many businesswomen's associations also exist. For Chile and Peru these are still quite a new phenomena while in an economy such as Canada, there are hundreds across the country and many are focused on specific industries, sectors and activities. Prior to Chile hosting APEC and WLN in 2004 there was no formalized businesswomen's group in the Coquimbo/La Serena region where the project concentrated. As a result of the WLN meeting, the women began to formalize and received support and funding from local and national government offices as well as the local university and excellent exposure in the media. In addition, a group of indigenous women began to formalize themselves in order to promote and support locally made products. Both of these groups have a business focus – the members of both groups are either local businesswomen or women in other sectors which support women in business (such as academics and government officials) through training, funding and media access. While rural communities or communities outside of the capital region can be challenged by distance remoteness, they also have an advantage because the communities are smaller, everyone knows each other, and there is a less formal process to access officials. In many cases, there is a stronger focus on economic development by the government.

### *Characteristics of successful partnerships*

There are 3 characteristics that manifest as high value and important in developing access to markets among successful partnerships for trade different economies. First, the project identifies and seeks partnerships that share the ethics and vision. A shared ethics and vision means a commitment to product development and export

activity that is paramount, with the partner able to mobilize resources to achieve the objectives. In that vision there must also be a commitment and understanding of the long-term aspects of the initiatives that partners agree to undertake. It is important to ensure the business elements are a priority in the organization because not all partners share the same vision and ethics, and assumption should not be made that business development will be a priority.

Development of the partner relationships is both, time consuming and investment-intensive, tends to occur over a long period of time and is more successful with a high level personal introduction. The need for the partner to have a mandate with business objectives as well as the ability to provide business related services to assist local micro producers is the second lesson learned about successful project partnership characteristics. NGOs with proven track records of community involvement, and with a business focus prove to be highly reliable in meeting the trade network objectives. Working with new and less developed organizations and partners, or with those that have multiple women's development objectives or with partners who do not have the business background ties up resources and puts the emphasis on organizational development rather than export development activity.

Several challenges occur in the remote areas such as identifying smaller partner NGOs that have a business and development focus. Many communities are quite remote and isolated by the terrain rather than by actual kilometres and these situations are evident in all the economies in the project. There are fewer (albeit small) branches of large international NGOs with senior business women such as the Organization of Women in International Trade and the Women President's Organization that lend their capacity to the remote areas. As a result of the challenges many of the groups that may have a business focus are not set up nor do they have the mandate to work with micro enterprises and indigenous women to access export markets. Many of the NGOs and women's organization involved in the project do not have substantial or robust economic development activity and are new to the business development environment.

Communication is the third essential element that characterizes a successful partnership and is essential to the success of a trade network. Usually the micro producers do not have access to their own internet or computer so the role of the



partner becomes even more critical in providing this service/activity. The partner must have access to consistent and reliable electronic communication and respond in a timely and efficient manner. This includes infrastructure, language ability in the markets they wish to enter, as well as the practice and procedures in place for responding to inquiries. Partnerships that set in place the appropriate communication tools and system, and that have access to reliable and consistent communication (whether it is through on-the-ground communication, internet access, or group support) have more success in positioning their products. They respond in a quick and timely fashion, and give priority to the project at least equally to the other activities in the organizations.

Distance is a factor. Women may have sporadic or limited telephone access or no access at all. Some have Face-book but this tool itself as a communication form requires significant technology which most do not have, or can afford. i.e. internet access, computer, etc. The on-going support for women requires a heavy time investment to stay in touch with them and keep them engaged. One of the project lessons is the importance of an on-going communications engagement process to be built at the outset. Most often the project had success with committed on-the-ground coordinators dedicated to the project, even though sometimes the work is part-time. The partner must have sufficient funding to cover the costs for a coordinator to assist in the communication between the producers and the project partners. This includes an in-house business specialist especially to assist women in pricing products, where women may need market information. The partner must have English language capabilities or access to such capabilities or the project funding must allow for paying for this service.

### *Lessons learned in partner development*

The project team is well known to its partners in each economy, and spent several years developing relationships. For example, the project coordinators made several trips to Chile, Peru and Vietnam conducting workshops, meeting with officials and publicizing the local participants. With all economies, the project team continues to meet with team partners and official partners at WLN meetings where the opportunity occurs to combine other business.

The following observations and lessons learned have much merit in the further development of a trade network:

- Many NGO's may start out with a 'humanitarian' and noble mandate but as the organizations grow and are successful the operations and infrastructure grows and becomes more and more expensive to maintain. Original funding and profits meant to benefit the members are allocated to larger and more complex administrative costs, thereby creating a conflict as to the real purpose for the existence of the NGO and the end use of funds and profits.
- All groups that the project team works with are enthusiastic and eager to support the project and take an active lead. However, too often, once the foreign team members leave, local members go back to their own businesses and busy lives and communications become secondary and can break down. This process impacts costs associated with products.
- While running NGO's on a volunteer basis is a noble idea, in practice particularly with small NGO's, there are so many demands on the time and businesses of the members, that it is inevitable that volunteerism and the agreed-upon obligations take on a secondary or even less role.
- Export of products in many cases may be seasonal and require a long "dead time" from the identification of the local producer, assessing product, selecting, modifying or adapting product for foreign markets and actual export. Appreciation of time and scheduling including responses is critical, and must be included in the schedule of project activity. This process can take upwards to one year.
- If the partner is to act in a financial capacity whether to receive funding to cover its own administrative costs, or to act as an intermediary to send and receive funds on behalf of the micro producers and foreign partners, it is essential that it has its own independent bank account with a process in place for security and checks and balance and that will also satisfy an audit.

- There is a role for a dedicated coordinator to produce trade. On-going organization and activity is essential for the local group and those that are better able to interact with their own participants beyond just calling a group together for a “one off” mini trade show achieve success.
- The local group must take a firm line to ensure quality control and timely delivery if the micro producer is in an early stage of development, remote or requires more local support to succeed. Some NGOs involved in market development often do not deal with small start-up companies. In addition, some NGOs act as wholesale agents with insufficient transparency to indicate the benefits that are accruing to producers.
- It is important that NGOs pay fair wages for work. There is a very fine line between paying local wages which (even if very low compared to other economies and regions) and exploiting the producers. When products appear to be exceptionally inexpensive then further investigation is warranted on the cost of materials, cost of goods sold, working conditions and wages. Conversely, the producers must understand what “fair wage” means to all parties involved. (See pricing section)

For a trade network to be successful the facilitation (typically undertaken by the NGO) must be coordinated. Difficulties arise in working with the enterprise’s products if the NGO is weak and inexperienced in its business development effort, or is “spread too thin” addressing other needs or is unable to become fully engaged in the process. The project learned other factors influence the results and ability of a facilitator such as an NGO or a partner to assist in developing market access. The factors include:

- Partners need to become more formal and keep separate bank accounts with secure access which can pass audit standards.
- The partner must share the visions and ethics of the trade network and not become involved in a conflict of interest situation.

- The partner must honour the customs and ‘ways’ of indigenous communities while at the same time, take a position with respect to quality control timely delivery, pricing and export conditions.
- The partner must have standing in the community, or work with someone who does, and be able to assist in identifying participants and providing training for women.
- Good relationships with local officials are important, and a financial commitment by local officials to assist in developing women trade networks demonstrates commitment beyond words and good intentions.

### *Memorandum of Understanding*

Development of memorandums of understanding (MOU) among the different potential partners is a key component of a trade network. The purpose of the MOU is to streamline activities and ensure all parties contribute to the project objectives. The MOU outlines the expectations for each economy partner to identify the producers to include in the trade network, and ensure the partners have a role in creating more market access for women. The intent of the MOU is to set the parameters and scope of the involvement. It serves as a guiding document, rather than a legally binding document at this phase of the development of the trade network primarily because of the pilot nature of the project (the outcomes are being tested), and the unknowns in the legal framework of the different economies. It allows the relationship to develop, and trust a key ingredient to the relationships, to be built through the experience of the participants.

The project takes different approaches in different economies to develop the relationship with partners to form the trade network. Some partners have different customs, and business practices and the approach to finding and selecting the “right” NGO partner is integral to the local success. In Vietnam, a formal process includes meetings with government officials and is the approach that emerged after initial discussions and investigations. Additionally, the project hired an on-the-ground-coordinator to facilitate the process with government officials. A formal MOU was concluded with the Centre for Women’s Development in Vietnam.

In Chile, the newly formed business women's association became a partner. However, a formal signing of an MOU is still under development because of the lack of formal organizational capacity and entity with which to enter into such an agreement. In Peru, after several visits to different NGOs serving different regions an initial draft MOU and agreement is in place. However, there are some capacity issues still to be addressed. There are significant challenges posed by the vast number of NGOs and organizations in the region, many that are new and developing. The level of time and effort necessary to devote to NGO capacity development is not an objective of the trade project nor is the amount of time that has to be devoted to regional capacity building for NGOs. While the project is counting on the existing relationship between government officials to assist in identifying the potential partners, and to contribute to the development process of the NGOs to pursue market access, the coordinating effort and activity to undertake this development is beyond the scope of the project. It is highly time-intensive as well as resource intensive to position the organizations to pursue a business export mandate. This lack of capacity is unfortunate as producers from some economies have a mix of quality products that are almost market and export ready. As a result, the situation detracts from export development and trade objectives.

One of the lessons learned in developing the MOU and partnership arrangement is the newer the organization the longer it takes to finalize an arrangement. It can take up to a year or longer to conclude the MOU when entering into an agreement with organizations that are learning the export activity. The factors mentioned in the previous section can hinder the process.

## **Product Identification**

One activity that forms a key part of the MOU and is fundamental to get a trade network operational is product identification activities. Knowledge of the product base of an economy is critical for developing the trade relationship in new markets. It involves identifying the women producers and results in the ability to match products to new markets. This is an important component in establishing the trade network because the process seeks to identify women producers and their products, and is where the project coordinators can begin the task of matching the products to new markets.

The project coordinators have built a database of contacts in all sectors including officials, foundations, NGO's and potential corporate partners. As a result of this current phase, one of the economies has produced a significant database of its women micro-enterprises and producers. This is a project output that benefits the economy NGO or sponsor and the enterprise owners, as it provides the capability of communicating their production capacity, a key step to engaging the interest of buyers.

Having access to a survey of the micro-enterprise products available in each economy also assists the different micro-enterprise support institutions to determine what kinds of micro-enterprise support programs they need to put into place to facilitate their growth and active participation in international trade networks, e.g., an economy may find out that there is a conglomeration of organic-based products or high end indigenous-produced products and develop national or regional brands and promotion campaigns on this basis. This analysis fosters product aggregates by the different types as well as facilitating the participation of groups of micro-enterprises in the trading network. It expands and contributes to the knowledge development for enterprises to access new market and further increases access to international trade networks for micro-enterprises owned by rural and indigenous women. The process helps to define the common characteristics and clustering of products that make the products more marketable using approaches such a "green", "sustainable" or "indigenous" brands.

Upon completion of the product identification phase, buyers, traders and other export and import agents are better able to match products and particular market niches, distribution opportunities, specialty markets, and brands.

An environmental scan is usually the first step for identifying the products. This phase is the initial activity to assist women in matching their products to market niches, distribution opportunities, specialty markets and brand development, as well as the potential for distribution channels.

During this phase it is important to identify a range of products that are close to being market-ready. Since the project is concerned with assisting women with market development, some women are in the very early stages of development which

positions them and their products to benefit immensely from opportunities to match the market. It is important in this environmental scan to specify:

- The types of markets women are seeking
- Product readiness for specific markets
- Possibilities for inclusion in a specific trade network
- Product aggregation potential (with other indigenous or rural specific marketing opportunities, for instance)
- Existing or developing opportunities with potential distributors
- Pricing for export markets

The environmental scan also helps to identify the women who can benefit from training, as well as the potential for distribution channels for the products to become better known.

To date there over 200 products that are identified for the trade network that are export ready, near export ready or can become ready fairly quickly and with some proactive matching to find new niche markets outside the community, locale or region where women are found. It is possible to see some early trends evident in the type of products that are available in a trade network:

- Women are involved in a number of different industries or can potentially find markets as suppliers in several niche businesses that can supply different industries but need active (on-the-ground) facilitation efforts to assist their entry into these new markets.
- Informal producers of hand-made unique products with local attributes and designs are plentiful, but these producers tend not to be highly organized. Modifications to the local characteristic designs of these products can be of interest to many buyers as the skill and quality exists among women producers. Market demand for these products can increase significantly with more planning and work at the local level, and is an opportunity that remains untapped.

- Women are producing a variety of products and have the transferable skills and knowledge that can supply industries such as high quality, luxury items and brands, to meet the changing market and industry demands.
- Micro-enterprises demonstrate the ability to respond rapidly after sessions that provide market intelligence (e.g. preferred designs, seasons, colours, specialty customers, etc.)
- Women-owned micro-enterprises can quickly aggregate products for specific orders.
- Products designed and made by women are well positioned to meet the increasing consumer demand for inclusiveness, balanced, environmentally friendly, “green”, growth.
- The informal market has a huge impact on the type of products that women produce. Few efforts are made to encourage women to go beyond the informal sector and toward innovation. The rural, isolated and marginal producers have few opportunities to acquire the steps, instruction and market familiarity that can help them identify the existing market development opportunities. Providing women with market knowledge and intelligence helps them to understand market trends, fashions and the other industries where their skills can succeed.
- Specialty food items are some of the type of products women are making in small quantities.

## **Role of Government**

During the implementation of the various phases of this project the project managers dealt with various government departments in each economy. The role of government in this type of public private civil society project is a key factor in launching trade activity. Support for the activities to enable market access can come from different departments or organs of the government. In providing support for the economic empowerment of women, government can play a role in three areas: addressing the gaps in policy; providing resources to build capacity, and outreach to



the marginalized communities (geographic, cultural and other factors) of their economy. Animating active trade and export activity is highly unlikely without this support. Strong government support and demonstrated interest and commitment to developing the micro-enterprise sector of the economy drives the process to increase the potential for success. When government devotes resources whether they are financial or in the form of expertise, programs focused on micro enterprise development and training are much more substantial and easier to implement. This specific type of support also signals to prospective buyers that there is a serious commitment to ensuring products of a particular economy find and get to new markets, and new buyers for products will take notice of the commitments.

As the project evolves there are many connections points to government. Local partners must have the opportunity to discuss the policy gaps, and evolve solutions that enable micro-producers to overcome the barriers that they are experiencing in getting their products to the export market. Additionally, NGOs and other partners who are working with women must be able to identify and articulate their needs in building the local capacity, particularly as it applies to areas where support services are minimal, and where a developmental component is desirable. To address remote, isolated, rural, or indigenous women's development, the partners who understand and plan for the developmental nature of skills and the capacity building process will position their products with quicker access to markets and more easily get a competitive advantage.

Success in meeting the project objectives is more likely when governments are willing to accept and commit to development. In other words, governments need to fully understand the process that has to be in place before other steps can occur.

Two obstacles relating to government's role hinder the development of a trade network. Different economies have different departments leading women's economic activity but unfortunately the link to export development is rarely made. Furthermore, the government departments that deal with export tend to focus on the products that are export-ready. The linkages of women's machinery and other departments of commerce and industry also tend to be weak. Throughout the project, there are examples of non-aligned policy and activity to focus on women across different

government departments and at an operational level hindering the progress of the micro-enterprises trade activity.

When there is a non-alignment of objectives among different department objectives, too much time and effort is spent on educating, and coordinating government activity. With the exception of Vietnam in this project, few departments are coordinated in bringing the women together to launch their trade activity. Although many government representatives indicate their support in moving micro-enterprises toward their export potential, this activity is more challenging to implement and requires significant dedication and investment. It remains unclear who should play the leading role to coordinate the various departments and it is a difficult task for an outside party to lead. Is it the role of the partner NGO or government?

The second obstacle is the lack of government's own source funds commitment for micro-enterprise initiatives and a tendency to "off load" the investment requirements to the private sector with the expectation that moneys will be found to support the developmental components of the local economy and government. Those involved in facilitating trade – buyers, facilitators and other agents are pursuing trade, not development activity. Thus, a void exists in the coordination process. Difficulties such as transportation, lack of access to information and the internet, and financing of the infrastructure can be taken up by large transnational corporations but very seldom by small and mid-size entities involved in trade. It is unrealistic to expect this role from sources other than government.

Unfortunately at the project level there are also instances where micro enterprise development tends to be political and the commitment to sound business development is lost during changes of government. Relationships that have taken a considerable amount of time to nurture and develop are suddenly no longer relevant as new governments install their own people, priorities and budgets. This is one of the challenges that public private partnerships encounter and certainly impedes progress of developing the project at a faster rate. In addition, the issue of support and development of indigenous people still remains highly politicized in many economies.

## **Micro-Enterprise Development and Training**

### *Training programs*

Few micro-enterprise training programs offer actual access to markets and opportunities to assist the micro producers to grow their businesses beyond subsistence levels. Access to finance is often listed as the greatest challenge or barrier to women owned microenterprises, however, based on extensive research and community level work both in Canada and throughout the APEC Region, Whiteduck Resources and a team of experts has confirmed that access to markets poses an even greater challenge and barrier to indigenous and other women-owned micro enterprises - many of whom exist in rural and highly isolated communities. In addition, they may also face challenges with respect to the ability to produce and sell sufficient product to grow or become self sustaining.

This pilot approach offers an opportunity to examine some areas that have not been given consideration in traditional funding models for capacity, skill and employment development. The unique design and approach in this project allows the training to respond to the significant needs of women who can become involved in various aspects of market development employing and building on traditional skills and knowledge which currently may be under-utilized. The training objective of the project is to increase women's livelihoods, income and employment creation through improved distribution and increased market access.

To achieve this objective, different training sessions are held with different groups of woman in the participating economies with each group learning a slightly different curriculum design and different content in each session customized to address the specific needs of each group. For example, the emphasis of the Chile training included products pricing for new markets. Over 100 women in Vietnam attended morning and afternoon sessions which offered a hands-on approach where they were able to present their product and receive feedback about introducing products into the Canadian markets and how their products could target niches, or undergo re-design to become more market-ready. In Canada, the training supported by Human Resources Development Services Canada (HRSDC) introduced the first curriculum of its kind to examine the growth potential in the retail and wholesale sector in Aboriginal communities across Canada. The activity in Peru kept its focus

on building NGO participation and forms part of the on-going capacity development necessary to build opportunities to identify and assess some women's products. While different emphasis are made with different groups, the common element in all of the training provides women with the skills to network, access markets, and pursue enterprise viability with a focus on sales and revenue generation.

Enterprise growth is as central to the training as is developing women's ability to identify the options to create growth, and link to other indigenous-made products which add value to their revenue mix.

In developing economies there has been a minimal focus on indigenous, rural, or remote women, and these women enterprise owners are also increasingly seeking new markets. The range of product types and goods from across the Asia and Americas region provides a basis to assist women to increase activity along the value chain development in a significant number of ways including:

- Creating a market for the most saleable items
- Increasing the quality and quality control of products
- Adopting new business models arrangement and partnerships that will enhance the business skill of women in the regions
- Transferring good business practice and knowledge
- Assisting in the development of export potential
- Finding and establishing niche markets for their product
- Creating concepts and designs in partnership with entrepreneurs from niche markets
- Promoting economic leadership and role models
- Branding initiatives for their products
- Establishing and strengthening women's networks and economic structures
- Developing a relationship in economies and promoting safe and secure exportable items
- Promoting their "green" and environmentally friendly items that have yet to be introduced in new markets

The training was specific and hands-on and focused on producing the following outcomes:

- Actual trade activity and trading partnerships
- Increase financial literacy for women
- Product pricing appropriate to export markets
- Understanding of the value-chain
- Opportunities to promote products, especially those made by indigenous women (potential trade event in Japan, and first sales of some products)
- A continuum of services that take into account the different stages of growth of micro-enterprises to make target markets clear
- Skills that enable women to network and match products to opportunities
- Facilitate product pooling at the local, regional, and economy-wide levels, and provide access to product pooling venues
- Increase access to expertise in product design, business development advice and training, information on potential markets, market information and new technologies, and product distribution

Other outcomes of the project training are:

- Strengthened capacity of Women Leaders to deliver technical assistance and training related to value chain development
- Strengthened capacity of Women's Groups to deliver technical assistance and training related to value chain development
- Enhanced business links and expanded markets at the domestic level for women's micro-enterprises along the value chain (ranging from raw materials to finished products)
- Increase sustainability and income for women's micro-enterprises
- Increased profile for indigenous women's products at both domestic and international levels
- Launch of the first steps toward a sustainable distribution system to market and deliver products made by women's micro-enterprises.
- Establishing employment opportunities to augment income.

## *Participants*

Generally in all of the economies there are a huge number of entrepreneurs, crafters, producers, potential producers and young women with an interest in the development of a successful trade network. Each economy had a range of participants from different age groups, abilities, and business experience.

Close to 300 participants undertook training, and each training or engagement session and workshop had a product or business or project assessment as part of the pedagogy. Some of the training came as a result of a change in the government that occurred at the economy level and left the project dealing with an entirely new roster of government personnel. To keep the project operating and on-going, project personnel prepared a two day session to meet with new government personnel covering a range of topics from women's needs, such as labour laws, APEC fora, enterprise activity as well as others meetings and briefings. A summary of different workshops and training session participants given below demonstrates the range, structure and activities that a trade development project can cover.

<b>Region</b>	<b>Number of Participants</b>	<b>Key Topics and Activities/Key Outcomes</b>
La Serena/ Coquimbo	Session 1 - 20	Training approximately 20 women, Women's Product Assessment, Identification of 3 near ready products
Santiago Chile	Session 2 - 15	Training export officials and representatives from the private and public sector on export challenges and potential opportunities of exchanges with Canada
	Session 3 – 15	Training session with SERNAM officials on APEC and Canadian social policies and microenterprises
	Session 4 – 10	Informal lunch organized by SERNAM to discuss project with potential partners and to learn new focus and strategy for new government

	Session 5 – 50	Orientation of new government officials on micro-enterprise in the APEC region, briefing and lessons learned input into micro-enterprise incubation project being undertaken by SEPARI (Southeastern Pacific Research Institute n Valparaiso) and other partners based on lessons learned by the APEC sponsored projects
Indigenous Group Chile	15	Training of potential exporters  Assessment of product trade show  Identified 3 potential product ready for export and near-future distribution opportunities and orders pending
Hanoi Vietnam	100	Introduction to the Market place in Canada  Presentations and product assessments with 50 producers  Identification of 150 resulting from MOU
Canada	40	Training Business Development and Value Chain Opportunities  - Ongoing work with 15 women  - Trade Mission to Asia
Arequipa, Peru	15	Product Assessment of local producer  - Markets identified for products and orders negotiated with one producer
<b>Total</b>	<b>280</b>	

### *Product assessments*

A product assessment phase is built into the training and women have the opportunity to test their concepts by applying the more salient business skills that are integral to different export activities. Women develop business plans to learn how their product design can be prepared to enter a new market, pricing structures and the business process and requirements that will be associated with selling into a new market. As part of the product assessment, it is important that the enterprise owner's product concept is fully developed before new business is pursued and that she

learns the skills to prepare her to undertake business activity in new markets. One of the unique features of the project is the facilitation process to assist women to prepare to penetrate and enter a new export market. Product coordinators play an important role in matching products to markets, contacts, and potential buyers, and help in networking the women to new contacts. In addition, the project coordinators provide information about customers, buyer needs, the product placement, and assist in identifying how the product can target its customers.

Several lessons learned in the product assessment component of the training form a key part of the go-forward activity and will be an important consideration in the development of future relationships in a trade network. The work with women during the sessions provides excellent lessons to design better programs to address the areas where skills development are falling short for women as they attempt to build businesses and access markets, and how programs can be improved. The key lessons are discussed below.

### *Market entry strategy*

Enterprises in some economies have products resulting from long-time traditional skills that women have used for generations. Some women are refining their traditional products to meet new consumer demands. Other women are building new products for the first time having had some experience or training with a particular crafts or apprenticeship. During the product assessment it is important to instruct women about the differences in markets and assist them to isolate what will be the most profitable for their enterprise.

The first step in the product assessment is to clarify the strategies that women can use to enter into a new market. Women must learn customer demands in markets that offer potential and about the designs, colours or pattern changes that are necessary in the products that they are accustomed to producing for local markets. For example, in Peru, where women weave and knit products most suited to local markets, they also produce some products that are exportable to other markets. In assessing the products, it is necessary to refocus their activity to the markets that offer the best potential. This may require them to concentrate on making only one product rather



than the ten different ones they typically make. Often women are reluctant to do this because crafting a variety of products increases their chances of local sales.

Sometimes, it is important to help women discover that their “best market” may be in targeting a local area and that they should drop their export ambition. For instance in Chile, an analysis of the products potential and the local area found that many of the suppliers for the local tourist industry are being supplied by Peruvian companies. Women soon discovered that they are probably better able to compete in the local tourist industry. The product assessment is very important in increasing women’s understanding of the business potential and the appropriate strategy that is most feasible to pursue.

### *Pre-Launch and start-up activity*

There is an incremental approach to facilitate women’s entry into formal markets where the first product can be launched in a new market. Sales are a way for women to augment their income and establish employment opportunities while building sustainability. Women prefer to slowly enter the market as they build profit, success, experience, and a client base. A longer period of market testing may be better suited for pursuing activity with women. In practice, this approach requires facilitation to be spread out over longer periods than originally anticipated in setting the training program. These initial steps are time-consuming, but are crucial to pursue because the product assessment undertaken with the enterprises will set the winning conditions to establish a trade network with proven ability. The process eliminates the products that are not market-ready, and serves as an education for entrepreneurs.

Enterprises with near-ready products require short bridge financing to launch their activity. Training approaches must address the scalability of micro-enterprises and establish a range of revenue models that identify the “most successful” product for the market that can offer the best potential for women to make the initial sales, and begin to build the liaisons and relationships with buyers. This is where short term bridge financing can ensure that women can get their first orders assembled, or first orders filled.

The capital investment requirement for a micro-enterprise to enter the formal market and undertake the launch activity is huge relative to their existing income and financial

means. For example, serious purchasers need samples and micro-enterprises need to be able to ship product. Start-up activity will be difficult if women cannot bare the costs of developing the reliable delivery system of their products with full reasonable, adequate, and realistic price structures in the offering. Accessing finance is a hurdle to overcome, is time-consuming and many women find the task daunting and the costs can be prohibitive. But, these first sales provide the seed money for enterprises to grow. Addressing these initial challenges requires the financial supports offered by micro-financing schemes, and it is important for women to make these links. Related to this expense, is the credit that women must establish for the launch and start-up phases and issues that women have to resolve through micro-finance organizations, NGOs established to assist exports or is where governments need to play a role.

Successful pre-launch and start-up activity includes the identification of the appropriate market, financial ability to prepare and deliver a sample, and the links to some micro-enterprise financing,

### *Pricing- moving away from the informal market*

The final stage of product assessment relates to the export pricing models that producers are willing or unwilling to adopt. The export model compels critical decisions to be made by the enterprise owner based on the markets to be pursued.

During the training, women use their products as in-class examples to examine the cost breakdown including labour and complete product pricing based on their experience. These exercises prove to be essential in understanding the pricing models and the market assumptions being made by women and how their underlying assumptions and expectations, or their knowledge reflect their price structures. A surprising finding and common observation is the prospective pricing models that many producers want to adopt are often unrealistic for export markets.

Three market approaches tend to be the source of much of the confusion in product pricing models, and will prove to be very important determinants as to whether women will participate in a trade network.

First, many women do not take into consideration that being an exporter and supplier to businesses in new markets require different pricing structures. They insist on retail pricing from their own local economy, the retail pricing of the export market or

internet retail prices. Over-pricing occurs when women in emerging economies attempt to build a pricing structure that incorporates the retail selling price of a product in a new export economy into their model. Often these pricing schemes are based on an assumption and growing misconception of “fair trade” practices being realized.

The informal market is another source that affects how women price their products. Most women favour the familiar informal economy where they tend to sell and have had success in the past as a method to price their products. The informal market plays a significant role in their lives because it offers an ease of entry and accommodates women who often supplement income as they hold down a full-time job. While the informal economy represents an economy for many, it is sporadic, unstable and is extremely competitive. The informal economy tends to keep selling prices low because of saturation with women under-selling products, bringing down prices, and it is evident in how the labour cost are reflected in below minimum and average wage levels. This tendency to set lower prices is widespread and is evident among women in all the economies participating in the project. There are few guidelines and information available to highlight what the “fair” costs and “selling price” of products are in new markets.

Sales in the informal economy offer little value-added opportunity and detract from raising products to a larger market appeal, where value-added pricing and profitability can occur. The informal sector does not contribute to development for brand, luxury and niche markets that women are seeking to enter, and where a competitive advantage exists. Furthermore, it does not provide the structure that leads to competitive secure employment prospects. However, this is a “tried and true” method for women and changing years of practice and reliance requires considerable re-training. The class exercises and course work forces women to determine if they have the wear-with-all to move to the formal business sector.

The Internet also has a big impact on the pricing of products. Women can export products and act as a retailer and often expect that importers should pay the same retail level price as is available on the internet. But, it is inconceivable that prospective buyers will mark up retail prices and compete with on-line providers by offering higher prices.

Lessons learned in working directly with women's products is training programs need to demonstrate the positive impact of moving small enterprises away from part-time, hobby, to formal activity. To achieve this understanding, it is necessary to shift women toward sustainable revenue models and away from the informal sector activities. This commands an emphasis on pricing in all aspects of training.

## **Conclusion - The Trade Network**

### **Network effectiveness**

Creating an environment that enables women to network, create innovative products, and enhance their distribution capabilities with more consistent supports is a unique feature in this project. New networks help women discover "commonalities" and ways to aggregate product, sales and development. The approach offered through a trade network enables women to engage women in all aspects of value chain development as: producers of products; design concepts for products; developing the market for products; importers; product aggregators; distribution agents; and as owners of retail outlets.

This environment facilitates the aggregation of particular groups of micro-enterprise products by helping to develop market systems based on domestically and nationally integrated distribution systems – following a period of product and business capacity assessment and development. Few women have the resources and rarely have an opportunity to pursue networking because it is a very cost-intensive activity for one person to do alone.

The project is successful in creating the conditions for women to effectively adjust business toward efficiency, viability and success. It demonstrates how networks can help women discover economies of scale and complementary business supports.

Networks can offer practical guidance and mentorship through women's collaborative efforts, skills, and cooperative approaches and are helpful to assist women with some of the finance and business issues. The credit and ability of women to access finance is a significant factor that will impact them as they go forward.

One of the most significant outcomes of this project and that is of interest concerns the possibility to replicate the training and approach in other economies. This is possible. The final most measurable results of the effectiveness of a trade network is a project outcome where 200 women's products are close to ready to access new markets. Additionally, the project coordinators can now introduce the products into new markets, and help women do the initial sales to generate income. This product and micro-enterprise readiness to generate income demonstrates the success of the project approach. The real test will be in making the sale. Whether sales occur is to be seen. But, the approach offers a way to build momentum and advance and highlight products for new markets. Replication with other women in other economies offers many benefits.

First, the training is specific in targeting enterprises, includes a networking component and explores how women can make business viable by looking at the options available in the value chain. The training can apply to many individuals and it is likely that the more connected producers become, the more opportunities for sales and business.

Secondly, the results of the program suggest replicating this approach is likely feasible and the knowledge transferable to many different groups in order to create market access. Business facilitation can support start-ups in a mix of industries and move products to niches, specializing in industries like fashion, food, and design to focus on entrepreneurs.

Finally, women are prepared for the next and final phase of the project, a pilot project to test if sales can occur. This pilot will help women to understand the "real" opportunities in export markets, as well as the ground work involved, from providing product samples to talking to buyers, and delivering a product into a new market. A trade network known to facilitate this process can benefit many. The lessons learned and discussed above provide the ability that others can replicate.

## Appendix 1 - Criteria

The following criteria for micro-enterprise support programs are a fundamental part of these guidelines. Developed in Phase II of the project and refined during the feasibility study, they set out the minimum criteria considered essential for success. More specific criteria will depend on the local environments and targets in each economy.

Criterion	Rationale
<b>A. Product characteristics</b>	
1. Scalability	Can be sold in a number of areas, including high-end/low-end outlets
2. Wide range of production capacity available	Production can range from part-time home-based business to factory level, allowing for wide participation
3. Light in weight	Less expensive shipping and delivery
4. Multiple potential market entry points	Wide array of potential outlets to promote and distribute product (eg, Internet, a range of market niches)
5. Light investment load	Reduces need to borrow start-up and expansion capital
6. Not subject to duties	Will reduce sale cost in destination market

<b>B. Producer characteristics</b>	
1. Geographic location	Supports those who are rurally based, as well as those clustered close to market/urban area
2. Using traditional skills or working in cultural industries or service industries	Helps to focus on sectors where women are likely to be working
3. Working in sectors with ties to economic development entity	There is a need for some infrastructure, particularly transportation and shipping
4. Working in sectors in which women predominate	Crafts, tourism, and environmental-friendly products are growth areas.
5. Could readily scale up in terms of production or scope	Must be able to respond to increased market demand effectively and in a timely manner
<b>C. Program characteristics (market access, support and connectivity)</b>	

1. Offers a continuum of support geared to progressive stages of micro-enterprise growth and export development	Different needs at each stage of growth; therefore programs need a corresponding range of supports
2. Provides mentorship	Proven key success factor in micro-enterprise growth
3. Offers most strategies for increasing business income; eg. improves current market, quality of production and/or financial returns	Most likely the issues women micro-entrepreneurs are facing
4. Engages or links easily to community-based or industry-related websites and web-based support programs	Where Internet access is available, micro-enterprises are most likely to list their products or services there
5. Includes government regulation to reduce red tape and administrative burden	Micro-enterprises lack human and financial resources to deal with red tape while also working on increasing production volume
6. Provides business information	Micro-enterprises need information on potential markets, foreign market standards, etc.
<b><i>D. Financing components</i></b>	
1. Equity financing	Women typically do not use debt financing
2. Enhances and enables increased income security	Many women are working part-time or at multiple jobs or are developing multiple products to augment income
3. Increases current earnings	Especially in the informal economy, participants need to see an immediate return on their investment to be willing to participate in any business growth programs
4. Provides direct and actual means to complete product sales	There has to be more than marketing and promotion of products (the research found many sites that promote products, but very few that facilitate an actual sale)
5. Takes a long-term, multi-faceted approach to business development	It takes six or seven loan cycles for micro-enterprises to establish a stable business with growth potential; producers need to learn to think in a business-like manner and take risks to grow beyond subsistence level

## **Best Practices and Guidelines**

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