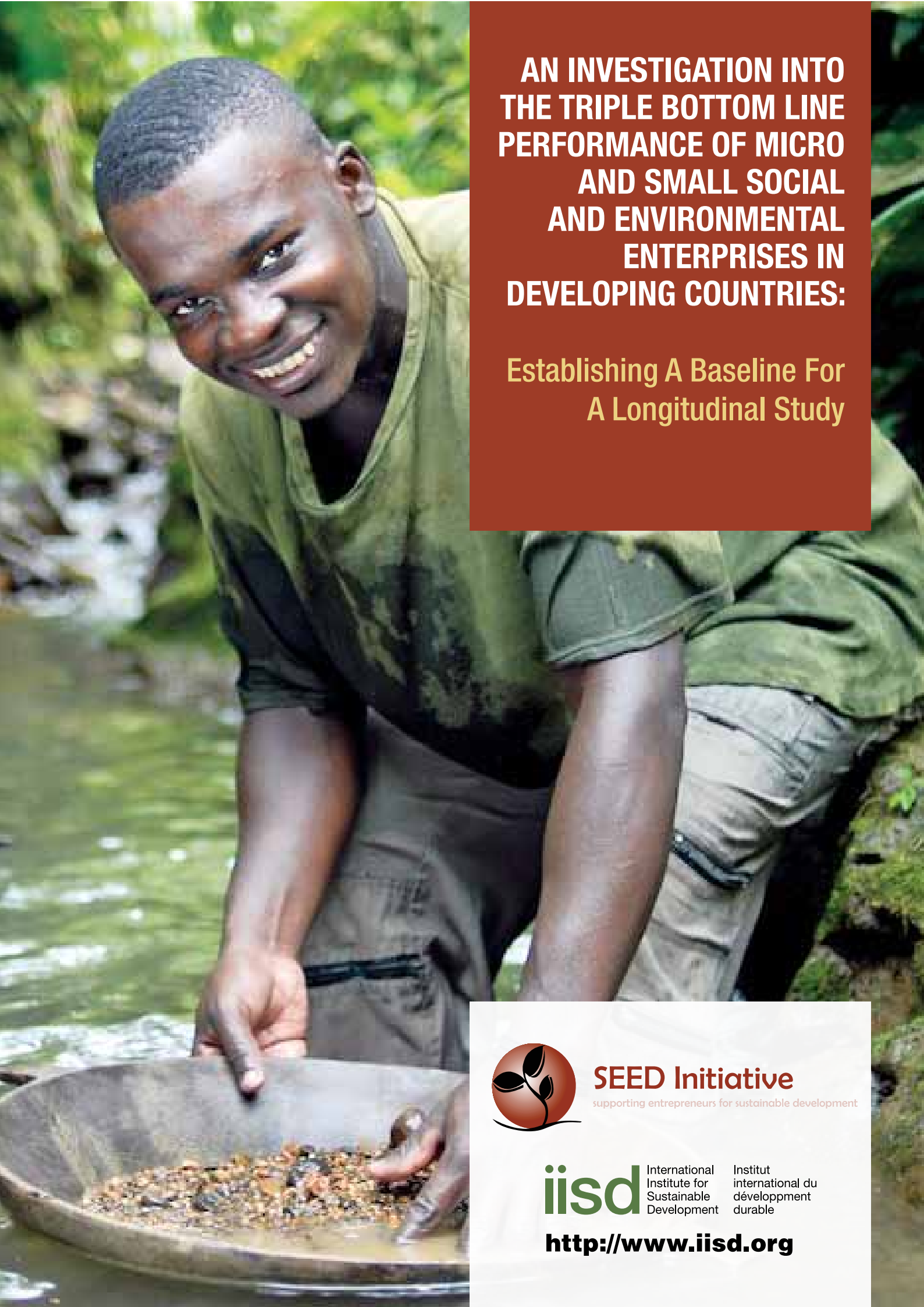

AN INVESTIGATION INTO THE TRIPLE BOTTOM LINE PERFORMANCE OF MICRO AND SMALL SOCIAL AND ENVIRONMENTAL ENTERPRISES IN DEVELOPING COUNTRIES:

Establishing A Baseline For A Longitudinal Study

SEED Initiative
supporting entrepreneurs for sustainable development

iisd International Institute for Sustainable Development / Institut international du développement durable

http://www.iisd.org

Report produced by Heather Creech and Leslie Paas (July 2010)

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The SEED Initiative is a global partnership for action on sustainable development and the green economy. Founded by UNEP, UNDP and IUCN at the 2002 World Summit on Sustainable Development in Johannesburg, SEED supports innovative small-scale and locally driven entrepreneurships around the globe which integrate social and environmental benefits into their business model. SEED is hosted by the United Nations Environment Programme (UNEP). Other current partners are the United Nations Development Programme (UNDP) and IUCN (International Union for Conservation of Nature); European Union; the governments of Germany, India, the Netherlands, South Africa, Spain, the United Kingdom and the United States of America; Conservation International; and Hisense.

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2007 SEED Winner:
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> The SEED Initiative is a global partnership for action on sustainable development and the green economy.

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2009 SEED Gold Winner:
Shidhulai

An investigation into the triple bottom line performance of small social and environmental enterprises in developing countries: Setting a baseline for a longitudinal study

Executive Summary

The SEED Initiative is a partnership of UNEP, UNDP and IUCN, hosted by UNEP. SEED identifies, profiles, and supports promising, locally-driven, start-up enterprises working in developing countries to improve livelihoods, tackle poverty and marginalisation, and manage natural resources sustainably. SEED has worked closely with the International Institute for Sustainable Development (IISD) since 2007 on a programme of research to increase technical knowledge and understanding about these small-scale, locally-led activities. Key areas of investigation have included partnership and enterprise models, success factors and performance indicators.

In 2009, SEED sought to better understand the performance of these social and environmental micro and small enterprises, with two key questions in mind:

- *Is it possible to determine whether and how such enterprises are making a contribution to social, environmental and business progress within their communities; and*
- *What are the enabling factors and barriers to making that contribution?*

In order to build a baseline understanding of micro and small enterprise performance, SEED and IISD conducted a survey of enterprises in the SEED community of entrepreneurs, both winners and applicants to the programme. The purpose of the survey was to investigate whether and how these social and environmental enterprises were delivering on social, environmental and business objectives, and to set a baseline for performance against which such enterprises could be compared in future. In particular, the investigation was designed to identify key issues where recommendations to international, national and local policy makers might be warranted on how to create or strengthen an enabling environment for such enterprises to thrive.

A total of 1583 enterprises were contacted, with a 17.7% return and an estimated confidence in the accuracy of the findings of 95% with an error of +/- 5.3%. A baseline has now been established against which both the original survey population and new applicants to SEED can be compared over the next few years. The ability to set targets, and reporting of progress against those targets, together with the delivery of other social, environmental and economic

benefits can now be monitored to see what changes are taking place, and whether external policies and supporting mechanisms, and internal management factors are being addressed and contributing to the success of these enterprises.

There is little doubt from this survey that the majority of enterprises within this community of social and environmental entrepreneurs are changing the model of how to deliver sustainable development on the ground, through setting and working towards a combination of social, environmental and business targets and identifying a diverse range of benefits that they are delivering to their communities.

The SEED winners in particular are demonstrating significant capacity to establish and deliver on social, environmental and business targets and indicate a level of progress beyond that of the survey group as a whole.

Based on the results of the survey, six major observations stand out.

1. There is a gap in capacity for small social and environmental enterprises to adopt more business oriented approaches for managing and financing their work.

Respondents were least able to express clear and specific business targets, calling into question limitations in their ability to sustain their enterprises in spite of the social and environmental benefits being delivered. Only 13% of the respondents reported that their financing was in place; less than a fifth indicated that they were able to make a living from their enterprise and nearly half noted a dependency on grants and other types of development assistance as a source of revenue. Over two-thirds listed lack of access to aid as a key barrier to success.

In light of growing interest internationally in shifting to a "green economy", SEED may wish to propose that policy makers review how social and environmental enterprises are contributing to that economy, and provide training and other means for these enterprises to build more sustainable businesses.

2. Social and environmental enterprises are investing a significant portion of their efforts in skills development and training at the local level, although the majority are not primarily training or education institutions.

Over 90% of respondents indicated that they were providing some form of training or skills development to the local communities – and over half indicated that 50 or more people in their communities were receiving training. Of all social, environmental and business benefits being conferred to local beneficiaries, this was the most significant.

When correlated to the two-thirds of respondents who indicated that they were introducing or developing new, more environmentally friendly technologies and production processes to the local communities, the training burden becomes even more apparent. Further, the two leading barriers to overcome were lack of access to funds for training and lack of skilled people in the communities.

This suggests that there is an opportunity here for more attention to be paid to supporting micro and small enterprises in the development of skills at the local level.

a) *By further exploring the skills gaps at the local level and reviewing current development programmes to strengthen the skills base at the local level, in particular with respect to new, more environmentally friendly technologies and production processes*

2007 SEED Winner: T'ikapapa

b) *By providing programmes for micro and small enterprises to improve their own capacity to deliver a range of training and skills development activities on the ground*

3. Social and environmental micro and small enterprises are focused on strengthening the social structure and resilience of communities, with their social targets emphasising the creation of revenue streams for those they are working with at the local level. In progressing towards those targets, they are contributing to the alleviation of poverty in their regions.

A picture emerges from this study of an approach to poverty alleviation that embraces skills development and training, emphasizes social organisation (the creation of community groups) and is combined with innovative approaches to generating alternative revenues and livelihoods, helping those they are working with to take themselves out of poverty.

4. Access to technology is an important requirement for social and environmental micro and small enterprises.

These micro and small enterprises are making a significant investment in the introduction or development of new, more environmentally friendly technologies and production processes. This suggests opportunities for SEED to work not only with policy makers a more in depth review of the types of technologies and processes in demand by micro and small enterprises (and this would correlate to the skills gap research needed at the local level), in order to determine

a) *Whether good channels for information and communication about technology and processes to the micro and small enterprise sector exist at national levels*

b) *Whether there are barriers to the importing or transfer of technology to micro and small enterprises for use at the local level*

This suggests opportunities for SEED to work not only with national departments of environment and development, but also with departments of industry, science and technology.

5. Micro and small enterprises consider partnerships to be one of the most significant factors in their success, but there continues to be a need to build capacity to engage and work effectively with others on the ground. This suggests that SEED should continue to investigate and provide support on how best to assist micro and small enterprises in this critical area of partnership management.

6. There is a gap in capacity among social and environmental micro and small enterprises on how to determine and monitor more direct, positive environmental outcomes of their efforts.

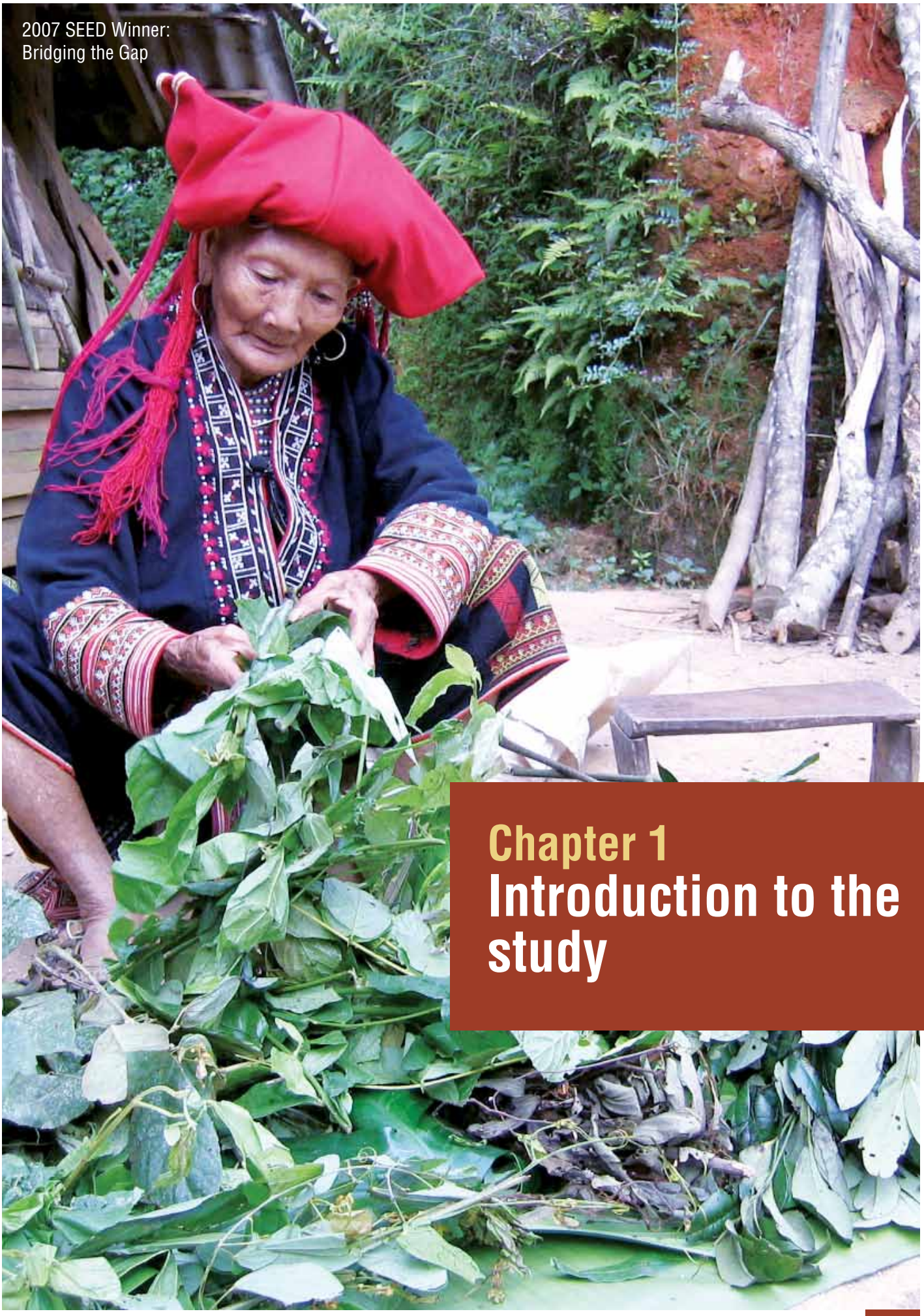
While in general respondents expressed a clear, often very broad vision for environmental improvements such as the protection of biodiversity or the reduction of greenhouse gas emissions, they were less able to describe more specific environmental targets that were within their scope and capacity to monitor and measure.

SEED is in a position to address this challenge through UNEP, and UNEP's work at national levels on integrated environmental assessment, by promoting the need to investigate how social and environmental micro and small enterprises can more accurately determine key locally relevant environmental indicators that can be monitored more specifically over the life of the enterprise.

> SEED may wish to propose that policy makers review how social and environmental enterprises are contributing to that economy, and provide training and other means for these enterprises to build more sustainable businesses.

List of Acronyms

ABS	Access and Benefit Sharing
BCP	Bio-Cultural Protocols
EM	Effective Microorganisms
FSC	Forest Stewardship Council
GEF	Global Environment Fund
GIS	Geographic Information System
GRI	Global Reporting Initiative
GRULAC	Group of Latin American and Caribbean Countries
HIV/AIDS	Human Immunodeficiency Virus/Acquired Immune Deficiency Syndrome
ICT	Information and Communication technology
IISD	International Institute for Sustainable Development
IUCN	International Union for Conservation of Nature (also known as the World Conservation Union)
NGO	Non-Governmental Organisation
PHE	Population, Health and Environment
SACCOS	Savings and Credit Cooperative Society
SEED	Supporting Entrepreneurs for Sustainable Development
SMART	Specific, Measurable, Attainable and Realistic within a clear Timeframe
SME	Small and Medium sized Enterprise
SWOT	Strengths, Weaknesses, Opportunities, Threats
UC Davis	University of California, Davis (in the United States of America)
UNDP	United Nations Development Programme
UNEP	United Nations Environment Programme



2007 SEED Winner:
Bridging the Gap

Chapter 1
Introduction to the study

Background: The SEED Initiative: Research and Learning Agenda

The SEED Initiative is a partnership of UNEP, UNDP and IUCN, hosted by UNEP. SEED identifies, profiles, and supports promising, locally-driven, start-up enterprises working in developing countries to improve livelihoods, tackle poverty and marginalisation, and manage natural resources sustainably. A key characteristic of these social and environmental entrepreneurs is how they work in partnership with local communities, governments, other NGOs and other private sector businesses to achieve their goals. In 2009 alone, over 1100 small, micro and medium sized enterprises (micro and small enterprises) applied for a SEED award, with five successful "gold winners" and another 15 winners recognized and provided with enterprise development support.

A central and defining feature of SEED's programme is its commitment to a research and learning agenda. By tracking the progress of these enterprises as they grow, SEED's research seeks to increase technical knowledge and understanding about these small-scale, locally-led activities. It studies what enterprises like these need to succeed, and prepares both tools to help the global community of social and environmental entrepreneurs, and recommendations for policy- and decision-makers on the necessary enabling conditions for these enterprises to contribute to a greener economy in their countries.

IISD has been SEED's research and learning partner since August, 2007. One of its primary research goals has been to determine the success factors and performance indicators of SEED award winners. Based on the findings, IISD has worked with SEED and others on tools to support micro and small enterprises around the world.

The following reports were prepared by IISD for SEED and are available at *www.seedinit.org:*

1. *Typologies for Partnerships for Sustainable Development and for Social and Environmental Enterprises: Exploring SEED winners through two lenses. Heather Creech, Leslie Paas, Miruna Oana, 2008*
2. *Critical Success Factors and Performance Measures for Start-up Social and Environmental Enterprises. David Boyer, Heather Creech, Leslie Paas, 2008*
3. *Scale-up and Replication for Social and Environmental Enterprises. Heather Creech, 2008*
4. *Recognition and Reward Programmes that support Entrepreneurship for Sustainable Development. Leslie Paas, Heather Creech, 2008.*

The following tools have also been developed in partnership with SEED:

1. *The Entrepreneurs Self Assessment Tool. IISD and SEED, 2009. An interactive tool designed to help entrepreneurs determine how their ventures are meeting the critical success factors necessary for good performance. http://www.seedinit.org/apps/self-assessment/*
2. *The Entrepreneurs Toolkit. IISD, SEED and the North American Commission for Environmental Cooperation, 2009 to date. www.entrepreneurstoolkit.org. Using a wiki approach and working with entrepreneurs around the world, the Toolkit holds information useful to those seeking to strengthen their social, environmental and business bottom lines.*

Objectives of the current study into triple bottom line performance

In 2009, the SEED Initiative sought to understand better the performance of social and environmental micro and small enterprises: would it be possible to determine whether and how such enterprises were making a contribution to social, environmental and business progress within their communities?

The study was therefore designed to focus on the SEED community of entrepreneurs, both winners and applicants to the programme, with the following objectives in mind:

A key characteristic of environmental entrepr work in partnership wi governments, other NG sector businesses to a

2009 SEED Winner: One Million Cisterns

- *To determine whether and to what extent these social and environmental enterprises are setting objectives and monitoring performance against a "triple bottom line" -- the social, environmental and economic contributions that their enterprises can make to their local communities*
- *To determine whether there are additional social, environmental and economic benefits to which these micro and small enterprises are contributing, beyond the immediate targets of their enterprises*
- *To identify what these micro and small enterprises consider to be external enabling factors and barriers (national policies, local level support, and so forth) that need to be addressed, to increase the likelihood of success for these enterprises.*
- *To identify the enabling factors and limitations internal to the operations and management of their enterprises that may require attention as the enterprises grow*
- *Based on the information provided, to establish a baseline of social, environmental and business performance, against which both the original survey population and new applicants to SEED can be compared over time.*

Findings from this study could serve several purposes:

- *For entrepreneurs: To help entrepreneurs consider more systematically what their performance objectives are for contributing to sustainable development and to determine whether the critical internal and external factors are in place for success.*
- *For policy makers: To provide observations on how local level sustainable development is being delivered by entrepreneurs, upon which SEED can base recommendations that policy makers at international, national and local levels can address.*

Process for the Longitudinal Study, 2009-2012

From 2005 to 2008, research by IISD and its predecessor on SEED's research work, the Global Public Policy Institute, used case study and key informant interview approaches to collect data from the small community of SEED winners. While this was useful in the early stages to describe micro and small enterprises and some of the factors that might be necessary to contribute to their success, it was also recognized that the evidence base was still small, and restricted to individual snapshots of widely varying enterprises. A more structured approach was deemed necessary to expand the base of information and to monitor trends and changes over time.

Therefore, in 2009, IISD worked with the SEED secretariat to develop a process to:

- *gather data from a broader base of social and environmental entrepreneurs, by reaching beyond the winners to applicants and finalists;*
- *establish a baselines of performance of the SEED community (applicants, finalists, winners) to monitor trends and changes over the next few years;*
- *ensure consistency in data collection over time and*
- *develop a tool that micro and small enterprises could use in future to set their own targets and monitor their own performance over time.*

Central to the process was the design of a survey instrument, based on previous research into success factors and key performance indicators, to elicit data on social, environmental and business targets and related activities, enabling factors and barriers to progress. This instrument was deployed in 2010 to establish the baseline assessment of the SEED community of applicants and winners since its beginnings in 2005 up to the 2009 award cycle. It is proposed that data could be collected annually for three years (2010, 2011 and 2012), with a target date of 2012 for the preparation of overall findings, trends and recommendations for the Rio +20

process on the contributions that micro and small enterprises are making to a global green economy.

Caveat

The study relies primarily on self-reporting by the respondents. SEED is, among other activities, an awards programme, and there is an inherent risk that respondents will report more favourably on progress in efforts to attract SEED's attention and support. An effort to triangulate the data was made in 2009 through interviews with selected SEED winners and through inputs from the SEED secretariat based on their own field experience and correspondence with selected SEED winners. Efforts to triangulate data will be made in subsequent years of the study though similar processes.

2009/10 Survey instrument

An online survey instrument consisting of 38 questions was created in English, French and Spanish (see Appendix 1). The questions were designed to help entrepreneurs perform "Triple Bottom Line" planning for their enterprise: setting and monitoring their targets for providing social and environmental benefits to their local community and running a successful business. Its approach was simple: Every enterprise can benefit from regularly monitoring how it is doing. To do that, the enterprise needs to have a baseline against which it can measure changes, and it needs to set targets in order to assess whether it is accomplishing what it set out to do.

Specifically, the questionnaire sought to determine where are entrepreneurs at in meeting their triple bottom line? And, where would they like be?

In order to ensure consistency with international standards for sustainability reporting, the Global Reporting Initiative guidelines for small and medium sized enterprises (SMEs) were consulted. The requirement for a minimum of 10 indicators to be identified by an SME was incorporated into the survey, with the following modifications.

1. *As most enterprises in the target survey group are micro enterprises, asking for self identification and reporting on ten indicators might be onerous. Therefore the survey was designed with a mandatory requirement for self identification and reporting for one measureable target each on environment, social and business dimensions of their work, with the option to identify up to three. Respondents were then asked to indicate what percentage of these targets they had achieved to date, as well as narrative comments on what they had accomplished to date.*

2. *Checklists of additional social, environmental and business indicators were created, based on IISD's 2007 and 2008 research into critical success factors and key performance indicators.*

3. *With this combination of self identification and reporting on targets and the flexibility to select and report on additional indicators from preset lists, a respondent would provide information on a minimum*

of 11 performance indicators and a maximum of 17, as follows.

Social dimension:

1. *Minimum 1, and maximum 3, measurable targets for social and community development benefits*
2. *Planning for other social benefits to be achieved*
3. *Provision of skills development and training*

Environmental dimension

1. *Minimum 1, and maximum 3, measurable targets for environment and conservation*
2. *Planning for other environmental benefits to be achieved*
3. *Whether the enterprise is developing or introducing a new, more environmentally friendly technology or production practice*
4. *Whether the enterprise is mitigating potential negative environmental impacts*
5. *Environment and conservation public education and awareness raising*

Business dimension

1. *Minimum 1, and maximum 3, measureable targets for business performance*
2. *Whether the enterprise manager is able to make a living from the enterprise*
3. *Whether employees or contributors to the enterprise are able to make a living from it*

In addition, the survey asked about the internal and external influences on the enterprise, following a modified SWOT approach (Strengths, Weaknesses, Opportunities, Threats). Respondents were asked to indicate external and internal enabling factors (opportunities and strengths) and external and internal barriers to success (threats and weaknesses).

The survey was designed by IISD in close consultation with SEED. It was set up and administered as follows: First the questions were created with input from the SEED secretariat and placed online. The online survey instrument was reviewed by IISD project participants and by former IISD associate David Boyer, who led the research in 2008 on critical success factors and key performance indicators. The instrument was then sent for translation into French and Spanish. An online survey service was selected (SurveyMonkey), and all language versions and questions were transferred online and extensively reviewed and tested.

The target survey population was all SEED applicants, finalists and winners, from 2005 to 2009, who had indicated on their applications that SEED could contact them in future. However, contact information from 2005 for applicants was no longer available, so for 2005 only the winners were included.

As the population was well defined and a manageable size, it was decided to survey the population as a whole rather than attempt to sample only a portion of the population. In total, 1583 entrepreneurs were invited to participate. The survey was open for two weeks initially, then extended for another two weeks due to requests for more time from several respondents and to ensure participation from as many SEED winners as possible. Those winners who did not respond to the online survey were subsequently contacted directly by email and phone. Of those, several were interviewed using the survey questions, or information provided by the winners directly to SEED was reviewed and included in the data set.

1.6 Statistical accuracy of the survey

Of the total survey population of 1583, 280 responses were received, or 17.7% of the population as a whole. We should note that within that, data was included for 18 of 20 SEED winners, or 90% of the SEED 2005, 2007, and 2008 winners, and the "gold" winners from 2009.

Using the *http://www.custominsight.com/articles/random-sample-calculator.asp* calculator for survey accuracy, our return rate suggests 95% confidence for an error of +/- 5.3% (results should be produced within 5% of these findings 95 times out of 100).

At the request of SEED, the data was grouped into the following regions, for ease of comparing with the various awards programmes that SEED would be running in 2010-2012.

Africa

The continent: includes North African countries as well as sub-Saharan Africa

GRULAC

Latin America and the Caribbean

Asia

Includes South, Southeast, Central and East Asia, and the Pacific Islands

Other

European emerging economies and western Asia (such as Russia, Georgia, Turkey, Palestine, Yemen).

Reporting from this last group of countries in the first year of the study was so small that they were combined into an "other" grouping.

Segment analysis (by region) has greater variations in accuracy because responses by segment are lower. In particular, respondents from European emerging economies and western Asia are so low in numbers that we chose not to draw any conclusions related specifically to findings for that group.

The response group corresponds fairly closely to the regional distribution of SEED applicants (the target for the survey population as a whole). Regional segmentation data for the population as a whole was derived from SEED application reports rather than the final email distribution list (addresses often cannot be analyzed for the exact country location of the contact). Nevertheless there is sufficient complementary between the two to suggest that the survey response group does reflect the population as a whole.

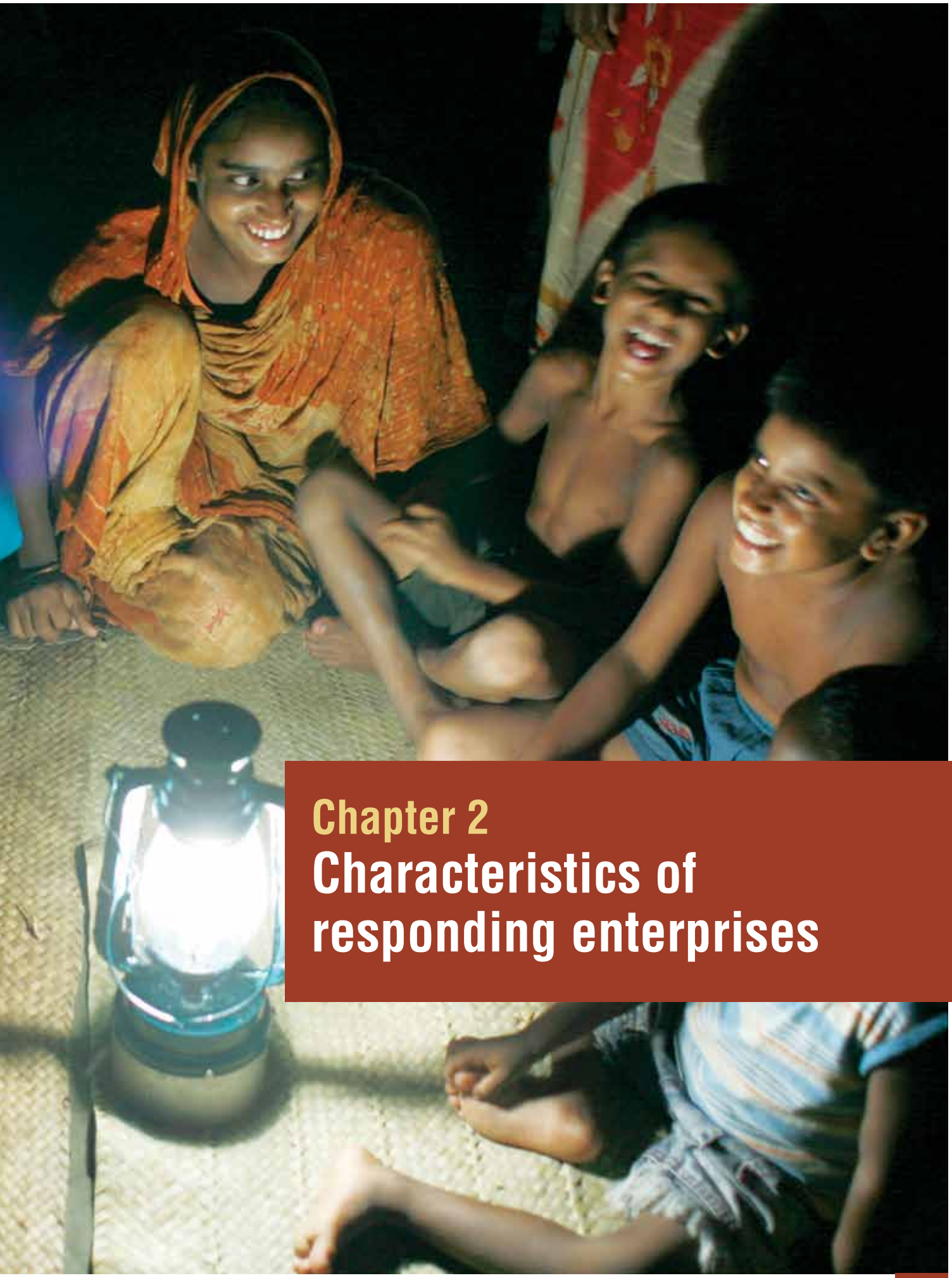
2009 SEED Gold Winner: Shidhulai

1.7 A note on the format of the report

Respondents provided a significant amount of information in the text and comments sections of the survey. These have been included in the report without attribution. Where selected comments have been included in the body of the report, simple translations to English have been provided in parentheses, and minor corrections for spelling have been made. The appendices provide the original text.

	SEED Applicants	Survey Respondents
Africa	42%	46%
Asia	33%	29%
GRULAC	19%	17%
Other	5%	8%

2009 SEED Gold Winner:
Shidhulai



Chapter 2
Characteristics of responding enterprises

The SEED awards are designed to target enterprises that involve multiple groups of stakeholders (local organisations, NGOs, and others). The contact person for the lead organization that applied for the SEED award tended to be the individual who completed the survey.

The following section presents a profile of the respondent group.

2.1 Regional distribution

Close to 50% of the respondents are working in enterprises based in Africa (including North Africa), with the next largest group from Asia (see Chart 1).

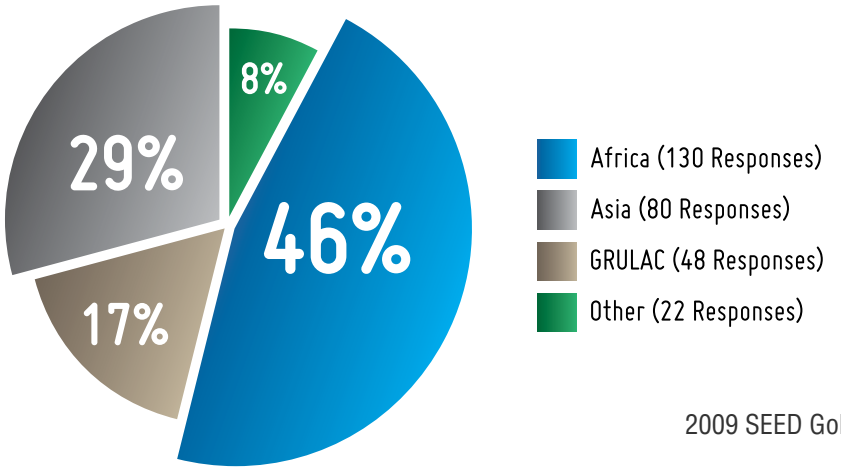
2.2 Types of enterprises

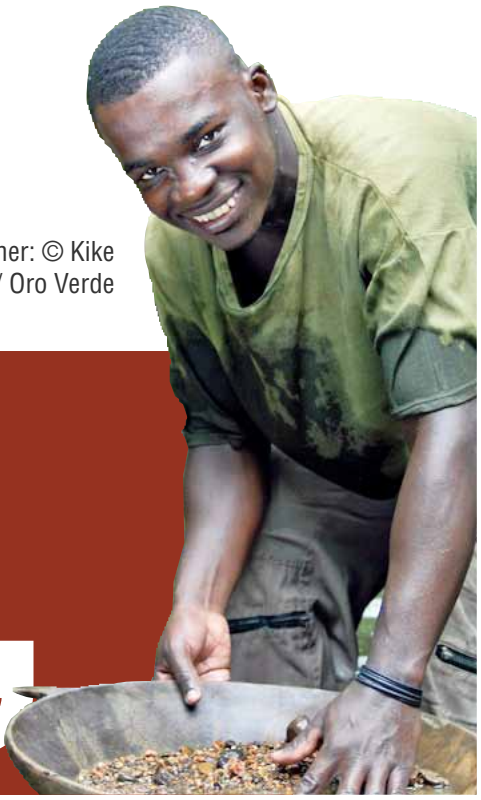
We observed in a number of comments through the survey that some respondents were uncomfortable with the term "enterprise", viewing themselves in a more traditional role as an NGO or non-profit group. In comments provided on types of enterprises and roles within enterprises, a few respondents noted positions within universities and government agencies, but these account for well under 10% of the response group.

Most respondents categorized their enterprise as working in more than one area (agriculture, climate change, energy, and so forth). Of these, nearly half (45%) are working in the agriculture field, followed closely by ecosystem management and conservation (See Chart 2). While respondents were not provided with an option to select fisheries or aquaculture, a number did indicate through comments that they were also working in those areas. Regional variations were relative minor (see Chart 3). More African respondents tended to be working in agriculture and related activities, and on energy issues than the other regions. There tended to be marginally more Latin American respondents working in enterprises related to ecosystem management and conservation, as well as the "green" household and consumer products, tourism and water management sectors. Asia had more respondents in the climate change, water and sanitation, and forestry sectors.

However, the large number of respondents (28% overall, and nearly half of the Latin American respondents) who also selected the category "other" suggests that the original list was incomplete.

Chart 1: Regional distribution of responses





2009 SEED Gold Winner: © Kike Arnal / Oro Verde

> More African respondents tended to be working in agriculture and related activities, and on energy issues than the other regions.

Chart 2: Types of enterprise

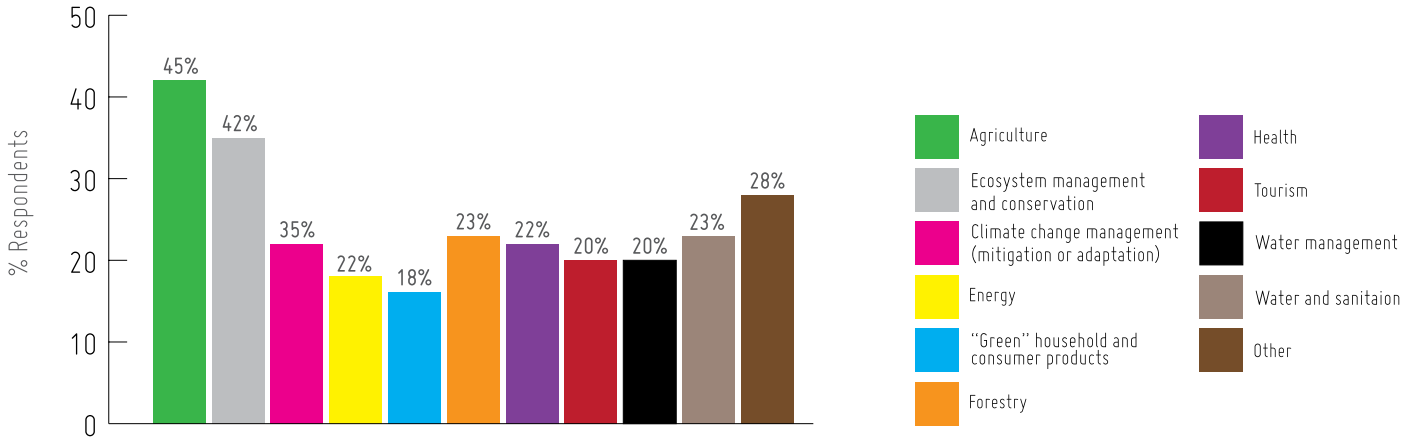
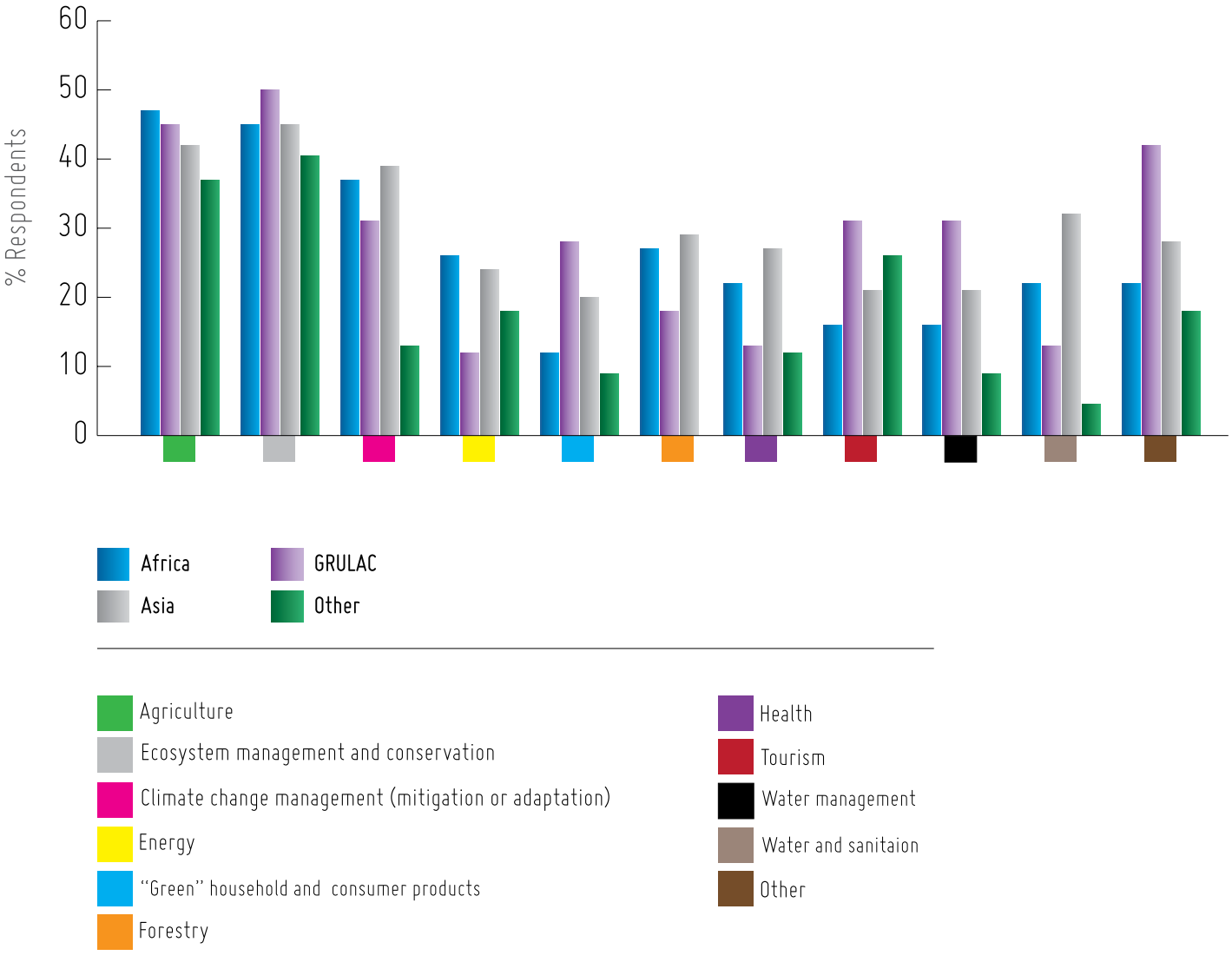


Chart 3: Regional comparison of types of enterprise



An analysis of the additional information provided under "other" reveals the following additional concentration of activities:

- *Microenterprise development*
- *Social and cultural development*
- *Training, education*
- *Policy research and advocacy*
- *Information and communication technologies.*

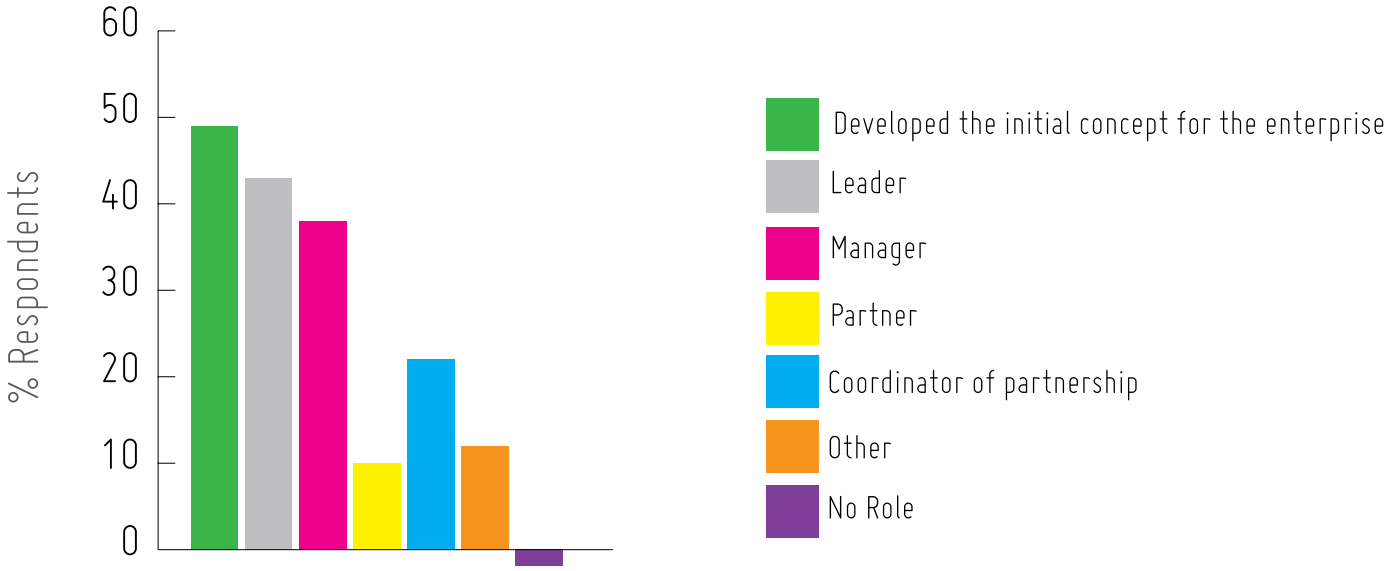
2.3 Roles in the enterprise

Respondents were asked to indicate their role in the enterprise, and were allowed to select multiple roles ranging from leadership (implying significant responsibility for the enterprise) to partnership (shared responsibility) to no role at present (see Chart 4). The original focus of SEED was on local level partnerships; subsequent research in 2007 and 2008 revealed that SEED winners shared characteristics more in keeping with micro and small enterprises, although partnership was a key characteristic and success factor for the enterprises. In the roles question in this survey, respondents were asked to indicate, inter alia, whether they considered themselves to be a partner or a coordinator of a partnership. Even with the ability to select multiple answers for this question, only 10% took the view that they were a "partner"; less than a quarter saw their role as a coordinator of a partnership. All other responses suggest that respondents have a strong leadership / ownership role in their enterprise. Half of those who filled out the survey described themselves as having "developed initial concept", and 45% also selected "leader". Those who provided additional clarifications under "other" noted roles including owner, director, deputy director, CEO, coordinator, manager. This finding reinforces previous research that these enterprises see themselves somewhat outside of the partnership role, and more as the leaders/drivers of a locally based initiative or business. Nevertheless, partnerships are an important enabling factor, as the data in section 7 will show.

2.4 Maturity of enterprise

More than half of the respondents indicated that they started to develop their enterprise within the past 5 years, with another 23% within the past 10 years (see Chart 5). While this might suggest that a significant number of respondents' enterprises are therefore well established, when comparing this data with the reported performance on percentages of long term targets

Chart 4: What is your role/position in the enterprise?



attained, a different picture emerges. Across all three dimensions, over 50% of respondents (and in most cases over 60%) have achieved only 20% or less for all long term targets.

This suggests that in general, respondents matched what SEED considers its "target" audience: the start up social and environmental entrepreneurs, all still in the early stages of building their enterprises.

2.5 Adaptability of the enterprise

Respondents were also asked whether there had been any significant changes in their enterprise since they originally started working on it. Nearly half indicated that they had expanded their scope, and over one third also reported diversification of activities (see Chart 6).

2008 SEED Winner: Pintadas Solar

Chart 5: Date enterprise started

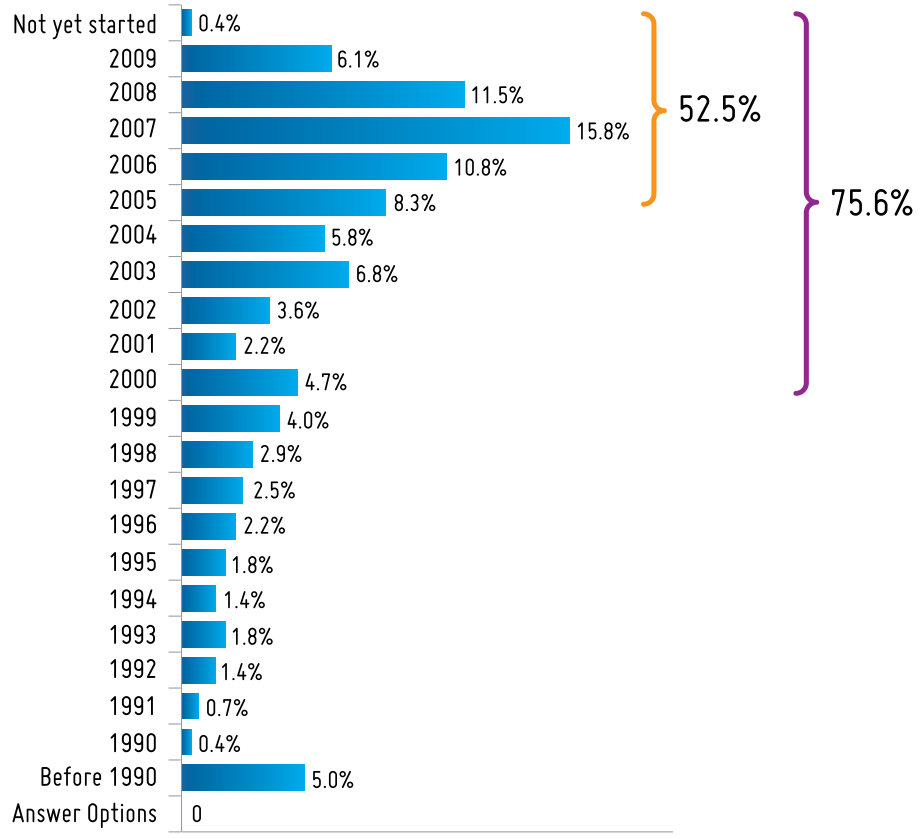
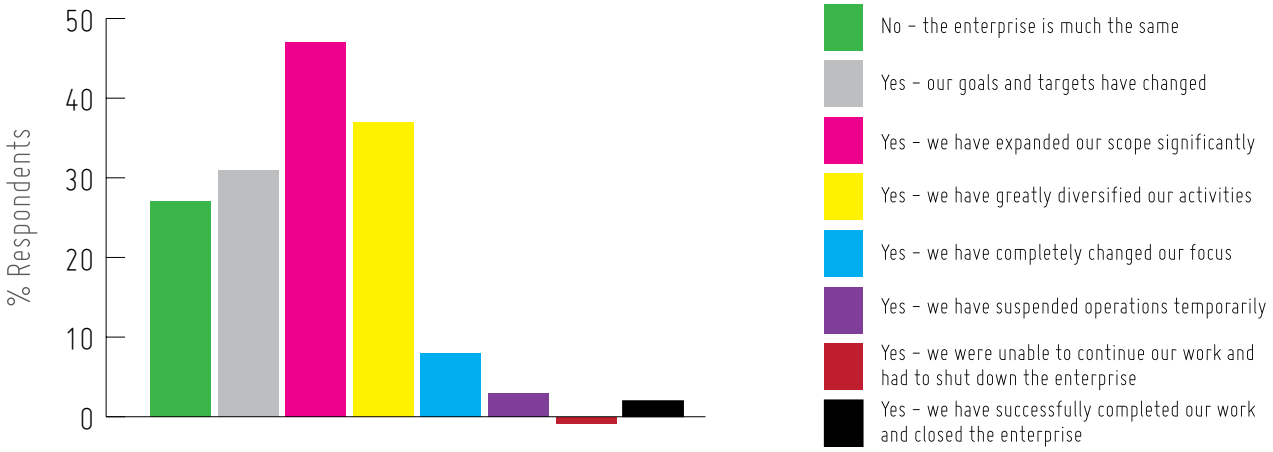
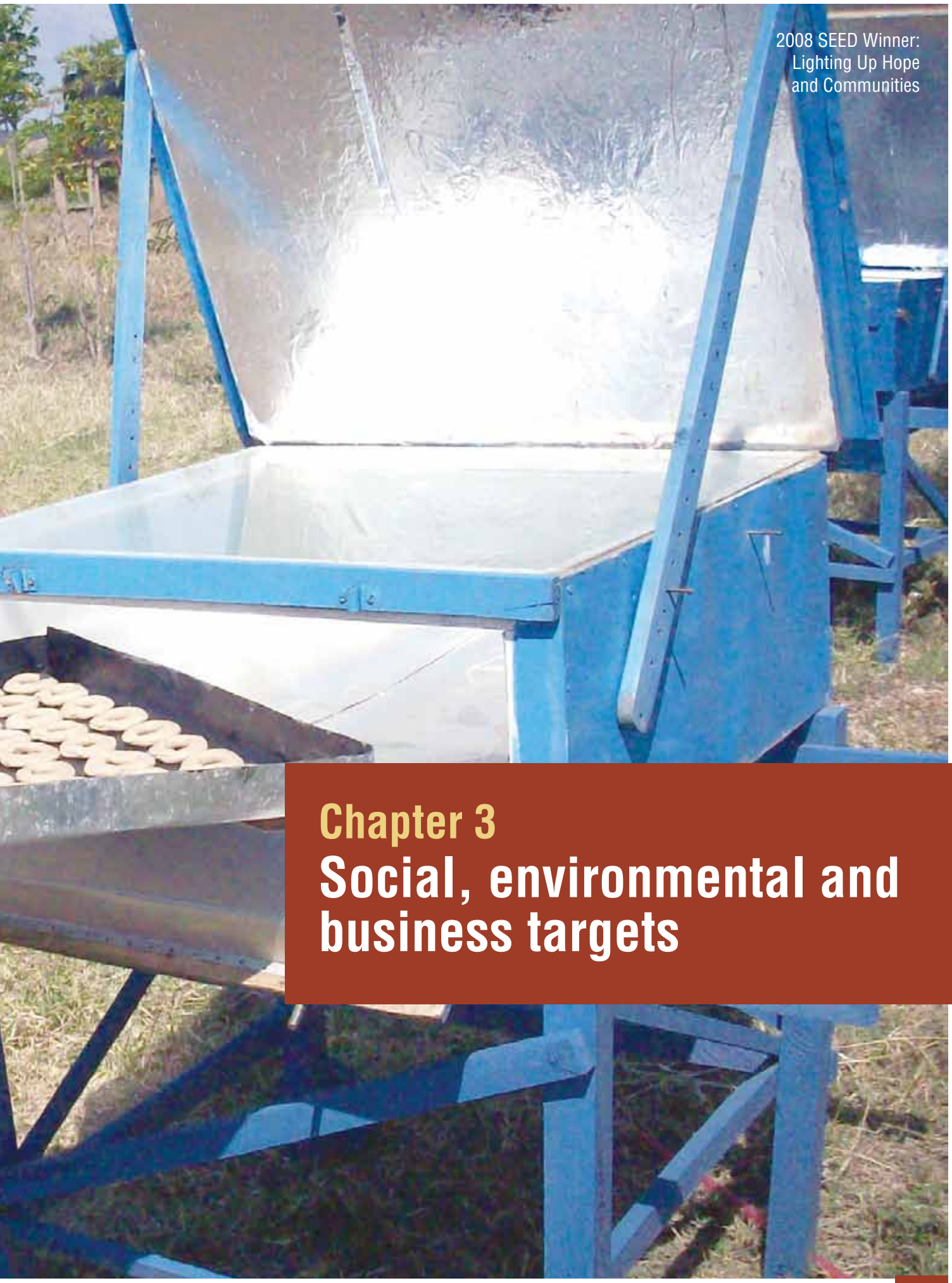


Chart 6: Changes in the enterprise





2008 SEED Winner:
Lighting Up Hope
and Communities

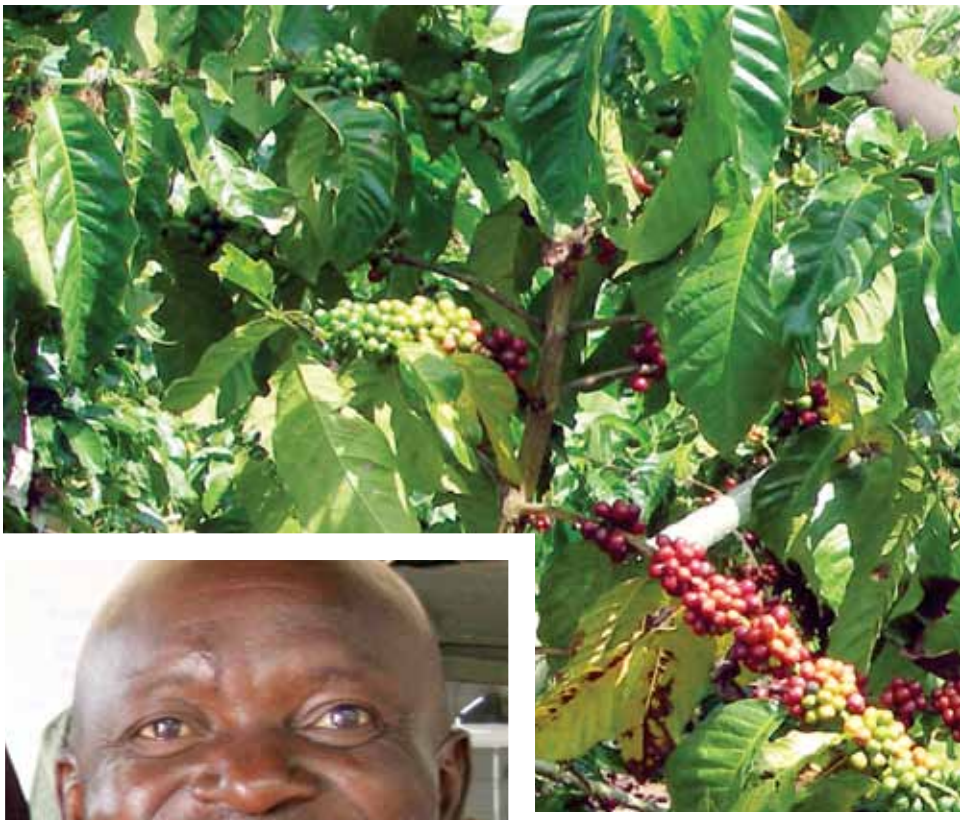
Chapter 3
Social, environmental and business targets

At the heart of the survey was a group of three questions. Respondents were invited to provide up to three targets for each dimension of sustainable development, with the variation that the economic dimension was covered in part under social (benefits to community members with respect to new or alternative sources of income contributing to their livelihoods and to poverty alleviation) and under business (how the enterprise is creating revenue streams and sustaining itself and its partners/employees/participants financially). For each target, respondents were asked to provide a note on achievements to date on that target, and also to indicate what percentage of the target they believed they had achieved.

This component of the survey proved to be the most challenging and time-consuming for the respondents, but in and of itself served as a capacity building exercise for respondents to think more critically about how to plan for results. Several respondents commented as follows:

- *This survey is very useful for us to look at the institution's targets for next ten years as well as to look at the gaps in the operational and management aspects of the organisation. The sequencing of the questions was useful for answering properly and quickly.*
- *This is a very important survey because it helps us to write the goals and targets for providing social and environmental benefits to our local community, and running a successful business.*

When combined, the reported information can be viewed as 280 short stories of social and environmental micro and small enterprises in developing countries. While the further development of such stories into case studies (which would require field validation) is beyond the scope of this survey, the original, unedited data is provided in Appendices 2-5. Appendix 2 provides the description of the enterprises; Appendix 3 covers social targets and progress notes; Appendix 4 Environmental targets and notes, and Appendix 5 the business targets and notes. We have chosen to leave the data sorted into each dimension, but it is possible to track an individual



Upper photo: Coffee in Tanzania
2009 SEED Winner: KOLCAFÉ
Lower photo:
2009 SEED Winner: Sunny Money

respondent's targets by the individual record number (see Table 2).

3.1 General findings

The written submissions were analysed for the following:

1. *Were respondents clear about the differences between the social, environmental and business dimensions (the "triple bottom line") of their enterprises? (CLARITY)*
2. *Were the targets specific, measurable and attainable or realistic within a clear timeframe (SMART)?*
3. *Was there evidence of progress?*

TABLE 2: Enterprise description fo

32 A grassroots initiative of s

Social targets for respondent 3

	Target 1	Progre
32	Train 30 trainers of trainers in two regions	We trai permac part of the inte conver now tra

Environmental targets

	Target 1	Progre
32	5 permaculture demo sites to be established in three regions	One pe demo s in Yaou

Business targets

	Target 1	Progre
32	Generate monthly revenue for 20 workers	Our ma raising mainte stipend

r respondent 32

social enterprise based on indigenous permaculture, agro forestry and community education

2

ss note	Target 2	Progress note	Target 3	Progress note
ned and equip the culture expert as the programme of ernational permaculture gence in africa who is aining 10 other trainers	Build a ecological literacy centre	We have provided preliminary equipment of a computer and books to the temporary ecological centre site.	Build an orphanage in the north west region the north west region to take care of hiv aids victims and children with disability	The business plan for the orphanage project has been written and our regional coordinator has started the orphanage in her home.

ss note	Target 2	Progress note	Target 3	Progress note
rmaculture ite is in process nde	Raise the present ecological centre to national and international reach through ICT and distance education	Free cycle ICT equipment is being resourced in the UK and we have established an internet line	Accommodate and care for 50 orphans of HIV AIDs	The orphanage is still limited to the personal initiative of our member

ss note	Target 2	Progress note	Target 3	Progress note
rket gardening is enough money for nance and volunteer ls	5 Community education action centres working with our Permaculture Programme	We are working with two key ministries (environment and youth affairs on youth programmes)	Sign partnership agreements with five international NGO for learning and sharing	We have partnership agreements with VSO and Ndanifor Gardens UK Trust

Table 3: % of respondents who did not provide targets

Social targets	No answer	Environmental targets	No answer	Business targets	No answer
Africa	11%	Africa	32%	Africa	37%
GRULAC	17%	GRULAC	29%	GRULAC	31%
Asia	20%	Asia	31%	Asia	33%
Other	32%	Other	36%	Other	45%

We should note that while it was mandatory to provide at least one target for each dimension, many respondents entered a "null" or other character which was sufficient to move on to other questions. Respondents appeared most willing to provide social targets, but on average a third chose not to provide either environmental targets or business targets. Reasons for this may vary:

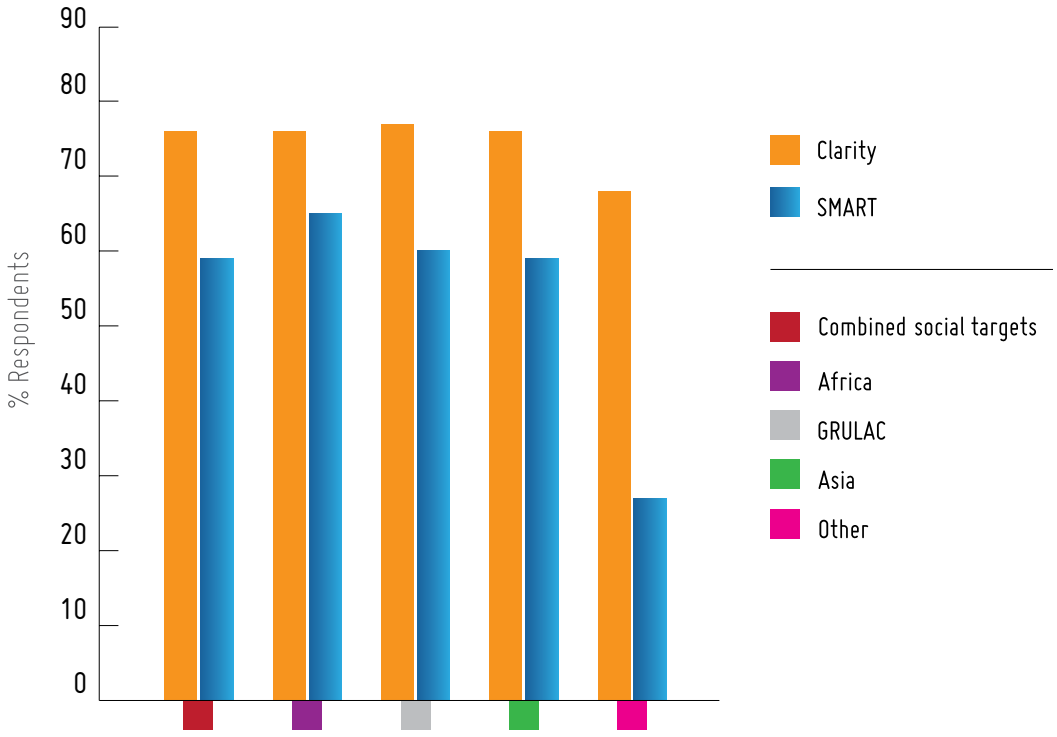
- *We noted that in some cases in response to the social target question, both social and environmental targets were provided. Respondents may have felt that they had provided sufficient information at that point.*
- *Respondents may have found the survey long and chosen from that point only to answer questions that did not require written responses.*
- *Respondents may have found it more difficult to identify either clear environmental or business targets. This possibility is reinforced by the analysis of the environmental and business responses where clarity and specificity of targets tends to be lower than for social targets.*

3.2 Social targets

Note: calculations include those who chose not to provide an answer to the question. (See Chart 7)

Over three quarters of respondents (slightly lower for countries in the "other" category) were able to set at least one target that was clearly for the social and community development benefits that they want to achieve within ten years.

Chart 7: Social targets



For example:

From the African region:

Target 1: Train 262 smallholder coffee farmers on improved coffee production techniques

- *Progress note: Trained 182 farmers on how to make Manure Based Compost (MBC) for use on their farms.*

Target 2: Start marketing high quality coffee at the lucrative Moshi auction and direct sale

- *Progress note: Have registered Nyamuhunga Kolcafe Project to enable issuance of a trading license.*

Target 3: Establish a Savings and Credit Cooperative Society (SACCOS)

- *Progress note: Land for developing infrastructure has been acquired and sensitisation of members about starting SACCOS started*

From Latin America:

Target 1: Criar 50 postos de trabalho para mulheres da comunidade [Create 50 jobs for women in the community]

- *Progress note: Criamos mais de 30 postos de trabalho para as pessoas usuáras de nosso projeto [We created over 30 jobs for the people of our project]*

Target 2: Capacitar 200 mulheres [Train 200 women]

- *Progress note: Estamos com 336 mulheres inscritas nos cursos de capacitação. Cerca de 200 já entrando no sistema produtivo [We have 336 women enrolled in training courses. About 200 have already entered the production system]*

Target 3: Criar fundo para ser utilizado em educação e saúde [Create fund to be used in education and health]

- *Progress note: fundo ainda não foi criado, porém é uma prioridades. [The fund has not yet been created, but it is a priority]*

From Asia:

Target 1: Involve 30% women to deliver energy services

- *Progress note: One additional female village technician in operation*

Target 2: Provision of electricity to 2,000 additional off grid villages in Laos

- *Progress note: 1000 off-grid villages electrified to date*

Target 3: Capacity building to international standards amongst ALL employees

- *Progress note: Internal English and computer training scheme, national staff attend seminars*

Occasionally, we noted that respondents stated more ambitious and broad goals, but were able to report more specifically on what they had accomplished, for example:

Target: Eradicate poverty through selling handicrafts in international markets for fair prices

- *Progress note: we had achieved two clients from Europe buying handicrafts through partnership with European trade holding organisation*

Target: Renforcer les capacités des groupes cibles[Strengthening the capacity of target groups]

- *Progress note: ... des clubs d'écoute soit environ 350 personnes [Listening clubs of about 350 people]*

We also noted that in some cases, respondents provided a combination of both social and environmental targets and progress notes. The following respondent addressed both issues under their social dimension targets:

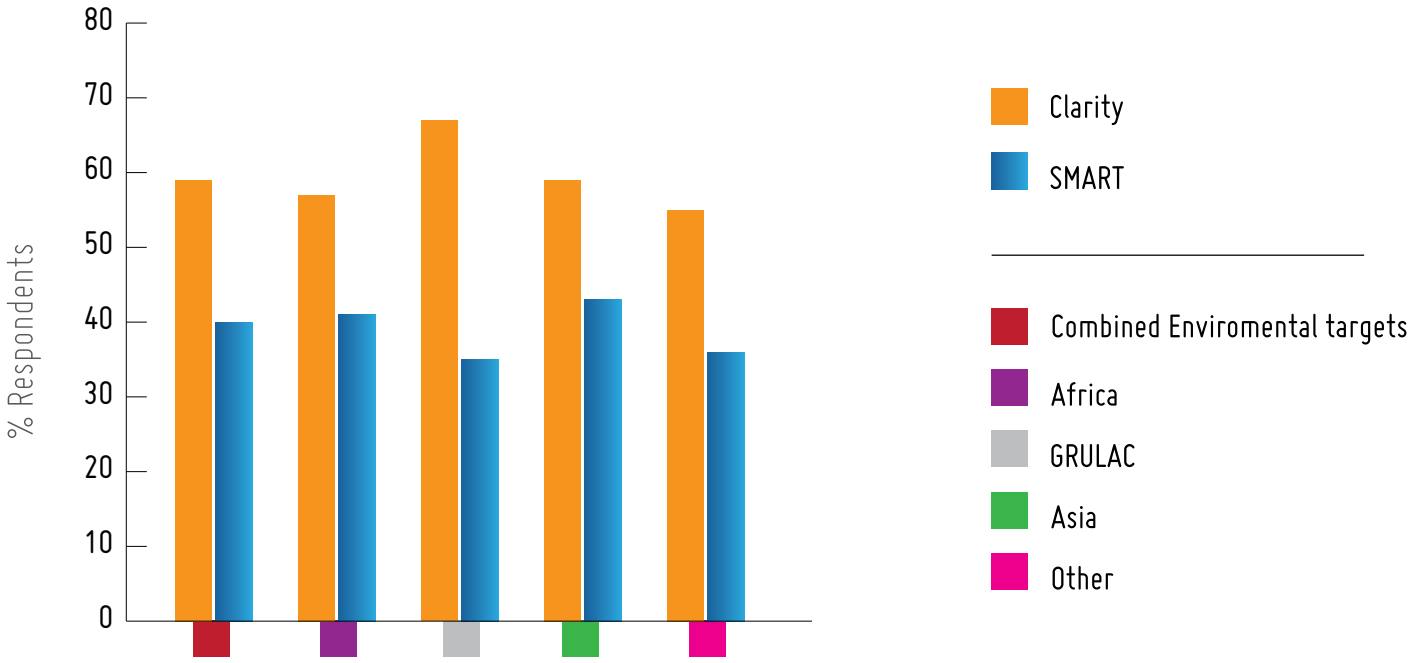
Target 1: To plant 1000 000 trees to reduce the deforestation in my country

- *Progress note: we have managed to replant 200 trees*

Target 2: economically empower women

- *Progress note: we have started 5 peanut butter projects for women*

Chart 8: Environmental targets



Target 3: retention of children in schools

- *Progress note: we have returned 40 children back to school*

While those who chose to provide targets were able to be clear on the social dimension of the target, we noted a challenge in meeting the criteria of specific, measureable or attainable:

Target: empower women

- *Progress note: Women empowerment through self help group, credit linkage, skills training*

3.3 Environmental targets

Note: Calculations include those who chose not to provide an answer to the question (See Chart 8).

Respondents from Latin America and the Caribbean tended to be able to more clearly differentiate their environmental targets from social and business targets, compared to the other regions. However, they were less able to meet the criteria of specific, measurable or attainable. And in general, respondents appeared to find it more difficult to set "SMART" environmental targets, and the progress notes were less detailed or not related to the target. The gap between "Clarity" and "SMARTness" is consistently greater for environmental targets than either for social or business targets, suggesting that while respondents understand that their work may contribute to environmental protection, restoration and healthy ecosystems, they have less capacity to determine what they can reliably measure and monitor over time.

For example:

Target: Apoyar la creación de negocios que tengan un impacto ambiental positive [Support the creation of businesses that have a positive environmental impact]

- *Progress note: Todos los proyectos no deben de tener impacto ambiental [All projects should have no [negative]environmental impact]*

Target: Promote environmental awareness for women

- *Progress note: Avoid the [use of plastic] carry bags, [other] plastic items; promote kitchen garden*

Target: To provide clean water and electricity for the communities where the enterprise is located

2009 SEED Winner: Sunny Money

- *Progress note: In the process*

Further, where targets are set, in particular with respect to carbon dioxide and other green house gas emission reductions, it is unclear how progress on the targets is being measured and how reliable the reporting might be:

Target: Save tonnes of carbon dioxide emissions

- *Progress note: [No progress noted]*

Target: 2 million tonnes carbon dioxide emissions reductions generated

- *Progress note: 95,000 emissions reductions generated*

However, where the SMART criteria were met, it is encouraging to note the level of detail provided:

From Africa:

Target 1: 50,000 mangrove seedlings planted and rehabilitation of mangrove wetland area

- *Progress note: 10000 seedlings planted*

Target 2: 60% of local community actively participating in environmental conservation initiative and at least 1 community forest association (CFA) formed along the Kilifi Creek in Mtwapa

- *Progress note: local community have been sensitized and Kwetu has brought government departments who have now accepted to work closely with Kwetu to ensure a CFA is formed.*

Target 3: Ownership of forest protected areas by local community to enhance conservation

- *Progress note: fisher folk and the Forestry department have been linked to work as a team on protected areas towards conservation through planting of mangroves and terrestrial trees. Environmental education offered to the community*

From Latin America:

Target 1: 20,000 trees planted and surviving.

- *Progress note: 87% of the 14,000 trees planted are now over two years old.*

Target 2: 100% of jobs produced are energy friendly.

- *Progress note: Development of three products which are based on production in the Solar Cookers, there are continued sales of solar panels and the price has lowered.*

Target 3: 40% reduction of use of firewood in the community.

- *Progress note: 20 families are regularly using solar cookers, we have begun work on integrated cooking alternatives*

From Asia:

Target 1: Number of ecological restoration of polluted rivers and lakes to be increased to 40

- *Progress note: 7 rivers and 3 lakes are undertaken*

Target 2: Integration of ecological security in about 10 township projects

- *Progress note: 3 townships have given the input*

Target 2: Adoption of students every year for summer training, internship and research projects

- *Progress note: 25 students from post graduate courses in environmental science and engineering*

For most respondents providing "SMART" targets, though, we observed that respondents tended to provide measures related to the following:

- *increased environmental education and awareness in the communities;*
- *numbers of families using more environmentally friendly products and processes (solar lamps, cisterns for water, organic farming, etc)*
- *numbers of trees planted.*

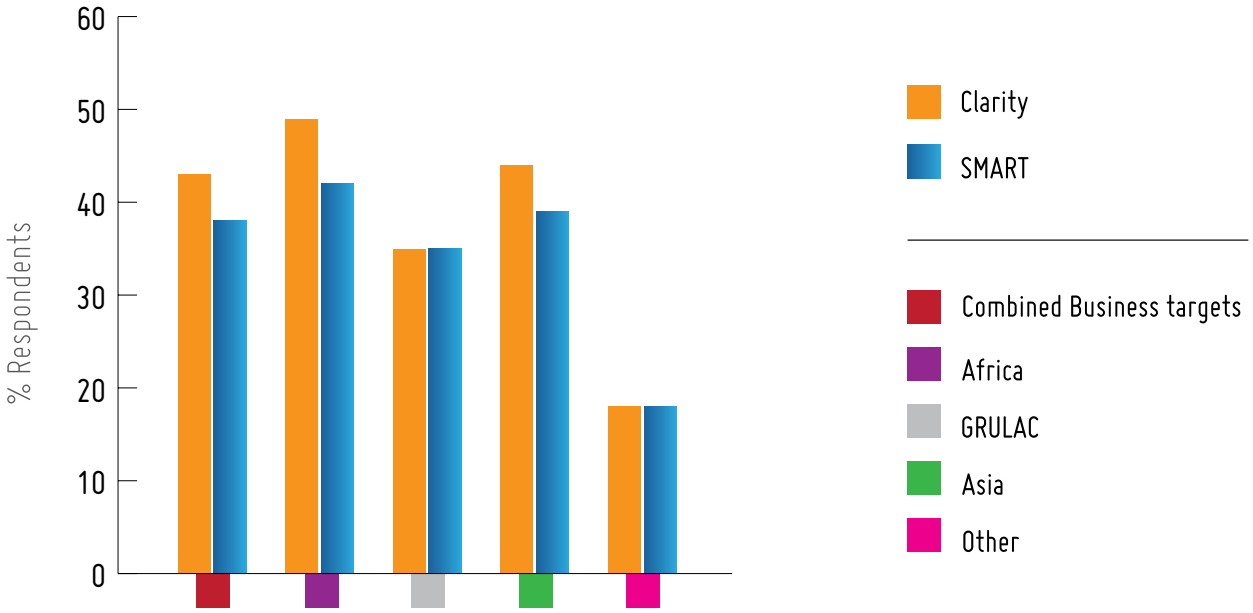
Measures related more directly to ecosystem benefits (CO_2 reductions, watersheds restored, water quality improved, biodiversity protected, etc.) were much less evident.

Social target:

60%

of local community actively participating in environmental conservation initiative and at least 1 community forest association (CFA) formed along the Kilifi Creek in Mtwapa

Chart 9: Business targets



3.4 Business targets

Note: calculations include those who chose not to provide an answer to the question. (See Chart 9)

Respondents were least clear about their business targets, with many not differentiating between targets related to social or environmental benefits within their communities and what they and their participants/employees needed in order to stay in operation. For example:

Target: Provide skills training on construction of domestic and institutional energy saving stoves to 90 youth

- *Progress note: Mobilization and provision of skill trainings on institutional and domestic energy saving stoves to 7 Youth*

Target: Concientizar a la poblacion la importancia de sembrar plantas [Raise public awareness about the sowing of plants]

However, where respondents were clearly focused on business targets, those targets also met the SMART criteria.

From Africa:

Target : Generate return interest from beneficiaries at $300 per sale

- *Progress note: … the programme has been able to generate about 40% of the annual budget to run the programme.*

From Latin America:

Target: Generar ingresos mensuales de US$ 50000 [Generate monthly income of U.S. $ 50,000]

- *Progress note: Se tiene un grupo de tecnocos que reciben un pago mensual [a group of technicians are receiving a monthly payment]*

Target: firmar contratos con 20 socios nacionales y o internacionales [Sign contracts with 20 national and international partners]

- *Progress note: al momento se esta trabajando con 6 organizaciones socias que aportan con financiamiento a los proyectos ejecutados por nosotros [working with six partner organisations to provide funding to projects executed by us]*

From Asia:

Target 2: 15 dealerships, 10 national corporate clients and 3 international corporate clients

- *Progress note: 10 dealerships, 5 national and 1 international corporate client*

Respondents were least clear about their business targets, with many not differentiating between targets related to social or environmental benefits within their communities and what they and their participants/employees needed in order to stay in operation.

Target 3: 12000 small and marginal farmers participating in federation business

- *Progress note: 5000 farmers already participating*

3.5 Evidence of progress

The written reporting on progress was detailed and extensive, indicating significant levels of effort across the board on all targets in all dimensions. Respondents were also asked to indicate what percentage of their targets they believe they have achieved to date. The reporting on percentages of targets achieved provides a clearer picture of where these enterprises are at.

In general, performance is (perhaps not surprisingly) strongest for the first target identified, on all three dimensions (see Chart 10). But the trajectories are fairly consistent across all three targets and all three dimensions, with the majority of respondents achieving 50% or less of their targets at this point in their development (see Charts 10, 11, and 12). This provides an important baseline against which to measure progress over the coming years.

Of the three dimensions, performance on social targets is somewhat stronger than the other two. For example, on the first target, only a third of respondents indicated that they have achieved only 10% or less towards their target, with close to one third having achieved up to 30% of their target. Performance on the environment targets is somewhat lower, with over 40% reporting 10% or

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Chart 10: First targets

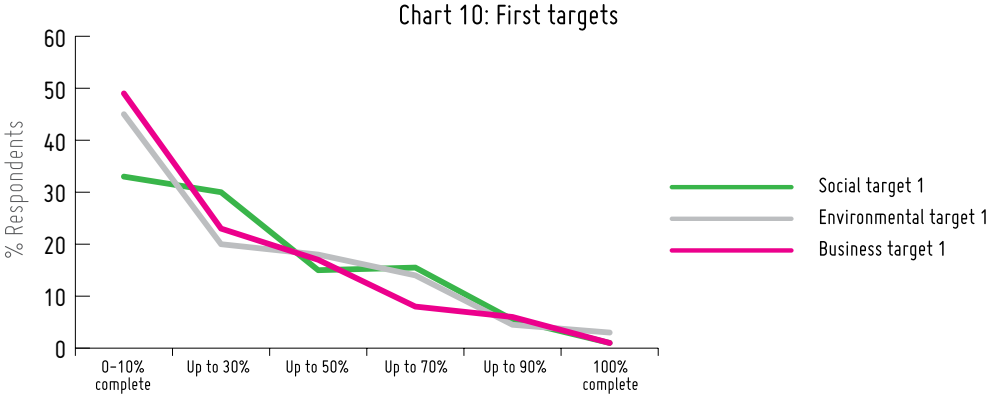


Chart 11: Second targets

Chart 12: Third targets

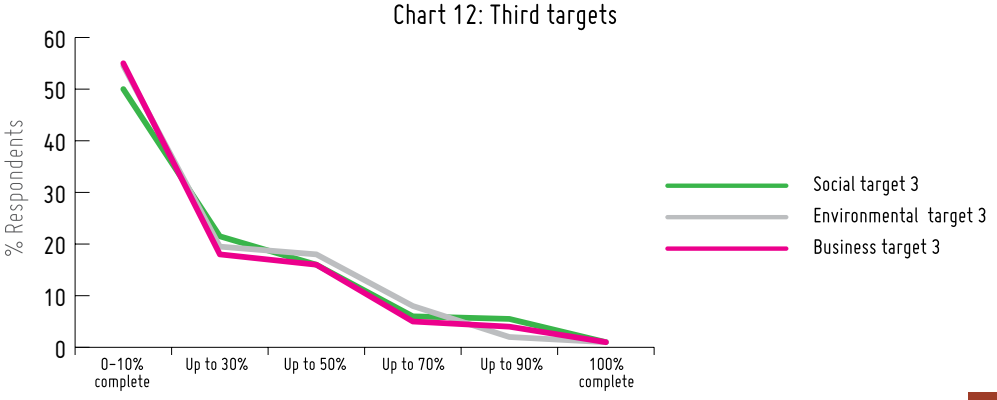


Chart 13: Regional variations on performance on the first social target

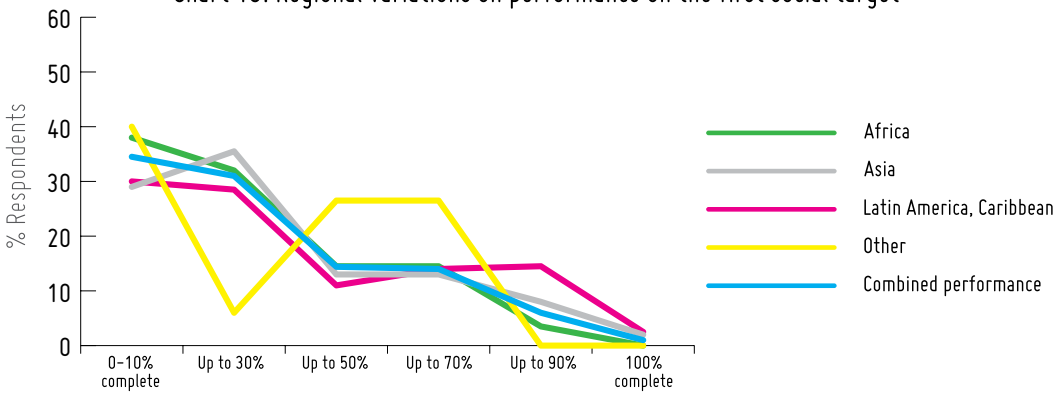


Chart 14: Regional variations on performance on the first environmental target

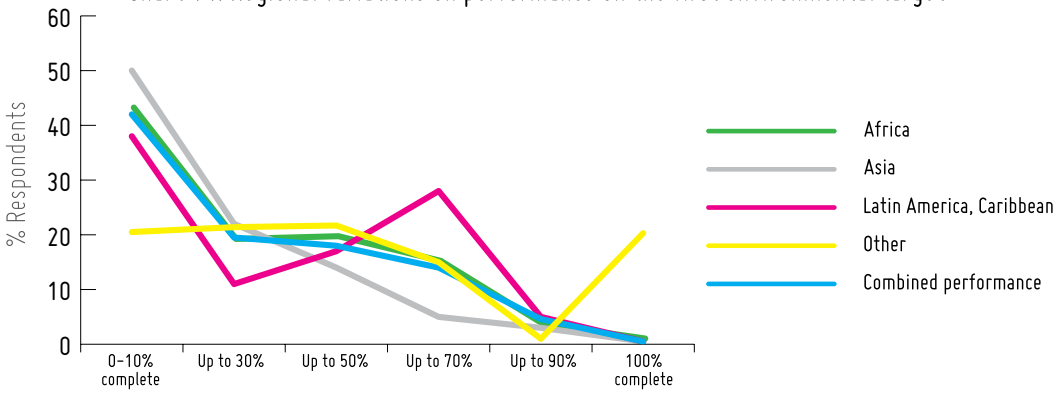
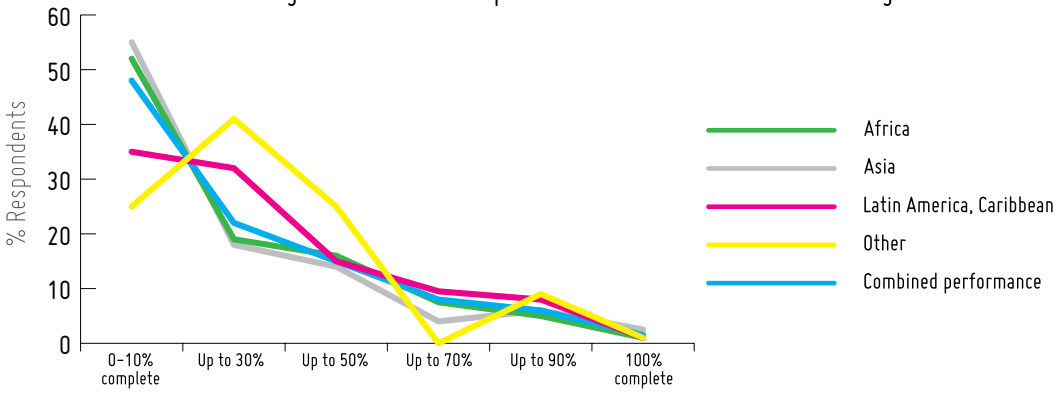


Chart 15: Regional variations on performance on the first business target



less achieved, and only another 20% reporting up to 30% achieved.

When compared with our analysis of the written descriptions of targets and progress to date, where we note that environmental targets tend to be less specific, measurable and realistic, it is perhaps not surprising that respondents are less confident that they are achieving those targets. In a few cases, though, respondents reported that they had achieved their first environmental target. Finally, performance on business targets is the most difficult, with just under half at the 10% or less mark, and another 23% achieving up to 30% of their target.

3.5.1 Regional variations

Segmentation of the data by region reveals some interesting variations on progress, although we should note that the smaller numbers, in particular for the few countries from European emerging economies and western Asia in the "other" category have a higher margin of error. If we exclude the "other" category because of the low numbers reporting, then it can be observed that the Asian respondents are somewhat further along in achieving their social targets, while the Latin America group is stronger on performance towards environmental and business targets than Africa or Asia (see Charts 13, 14, and 15).

The level of attention provided to the training of women was impressive: on average, 56% of respondents reported that 50% or more of those being trained are women.

2007 SEED Winner: T'ikapapa

3.5.2 Gender analysis

Two questions on the survey were designed to elicit more specific information about inclusion of women in the work and benefits of the enterprises: whether the enterprise was providing new or alternative livelihoods for women, and what percentage of people having skills developed were women.

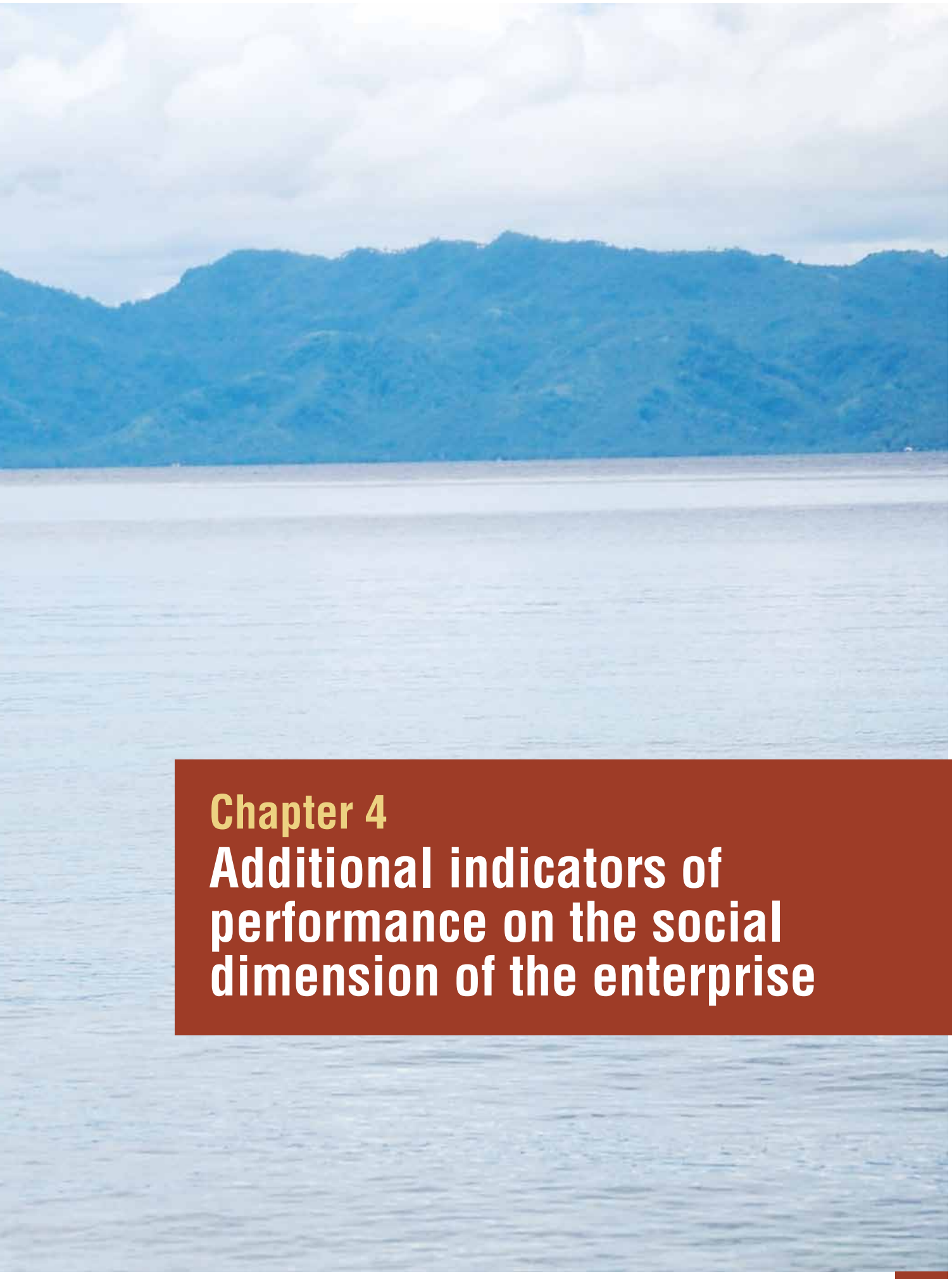
The majority of respondents indicated that their enterprises were supporting the provision of livelihoods for women (60%). We should note, though, that this was not the most important social benefit they believed they were helping to deliver for the local community: other benefits ranked even higher, including support for community organizing, improving access to education, improving community members' sense of self worth, and the provision of livelihoods in general (see Chart 16).

The provision of training or skills development to women was also significant: only 5% of respondents indicated that no women were benefitting from the training provided. The level of attention provided to the training of women was impressive: on average, 56% of respondents reported that 50% or more of those being trained are women (see Section 4 and Chart 20 for more details).

However, an analysis of the first social and business targets reveals a different emphasis: only 11% of the response group reference women in their first social target; and only 3% in their first business target, for example:

- *Orient at least one women's group into innovative agricultural enterprise in each of 80 districts*
- *10 female headed households joining the Village Egg Model project every month*

This data suggests that, while the micro and small enterprises are clearly working to ensure that women at the local level are benefitting from the livelihoods generation and training efforts of the enterprise, the enterprises themselves may not be focused primarily on women, when compared to the many other objectives the enterprises are attempting to achieve.



Chapter 4
Additional indicators of performance on the social dimension of the enterprise

In addition to setting their targets and providing progress notes, the survey population was also asked to report on two other measures for performance on the social dimension of their enterprise:

- *Planning for other social benefits to be achieved*
- *Provision of skills development and training*

4.1 Planning for other social benefits to be achieved

Respondents were asked to select from a list of other benefits to come to the local community as a result of the enterprise. This provided respondents with an opportunity to identify more clearly benefits being realised in the event that they either were challenged by the task to set targets, or were involved in providing a wider range of benefits than the targets exercise allowed.

Fully three quarters of respondents indicated that, more than any other benefit being achieved, they were helping communities to organise through the creation of groups within the communities. This suggests that there is a significant investment in strengthening the social structure and resilience of the community.

This finding is reinforced by the next most commonly reported benefit: that the enterprise is contributing to strengthening community members' sense of self worth (see Chart 16). Specific mention in comments was also made by a number of respondents to the protection and empowerment of marginalised groups, protection of local cultures and languages, and strengthening capacity for local governance. Respondents were also more likely to provide progress notes on how they were supporting community organising than for most other benefits:

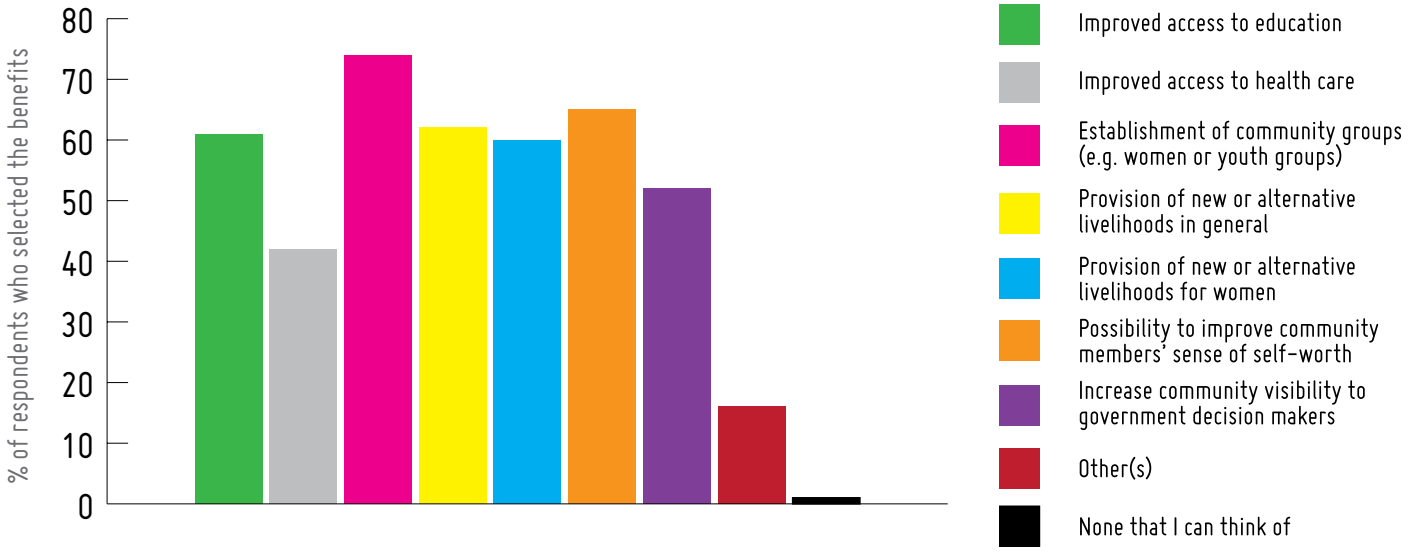
- *Registered [the] Project as an entity for the farmers... Sensitizing members to start SACCOS to enable mobilization of local funds*
- *Strong women groups have been established and have already initiated income generating activities. The groups including youth groups are already taking part in key decision making organs, their visibility has been increased and even published in UNDP GEF calendars. The youth group is providing basic health care and access to HIV AIDs services; orphans and widows are also assisted.*

Respondents also provided progress notes on education benefits, such as:

- *Increased enrolment into schools has been realized*
- *We are seeing farmers who are able to take their children to schools*

A total of 16% of respondents noted other benefits not on the list that they were

Chart 16: Other benefits



providing to their communities. Of these, technology transfer was mentioned most frequently.

In reporting on benefits, respondents also took the time to identify barriers to performance. These have been included in Section 7 on enabling factors and barriers. The full list of progress notes on other benefits has been included in Appendix 6.

4.2 Provision of skills development and training

The response to the question on whether skills development and training were provided to community members was one of the strongest in the whole survey. Over 90% of respondents indicated that some form of training/skills development was being provided as part of the enterprise's work in the community (see Chart 17).

Results for Latin America were slightly higher, but in general there is little regional variation, with the exception of those countries in the "other" category, where response was about 10% lower than GRULAC or Africa (but nevertheless still high) (see Chart 18).

What was even more significant were the numbers of people being trained: one third of respondents indicated that over 200 people in the communities were benefitting from skill training provided by the enterprise, and over half reported that 50 or more were benefitting (see Chart 19).

The level of attention given to training women in particular was also impressive. In Africa, close to 50% of respondents indicated that 50% or more of those being trained were women; in Latin America, nearly 60% of the respondents reported that 50% or more being trained were women, with Asia not far behind, at

Chart 17: Have you provided training or skills development to people from the local communities

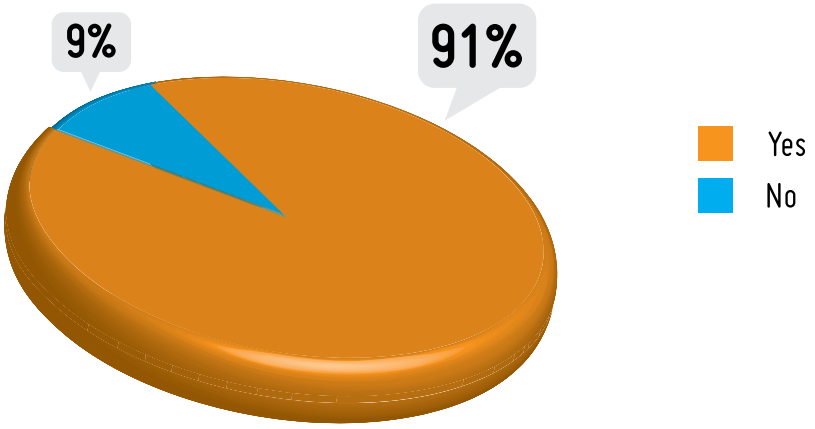
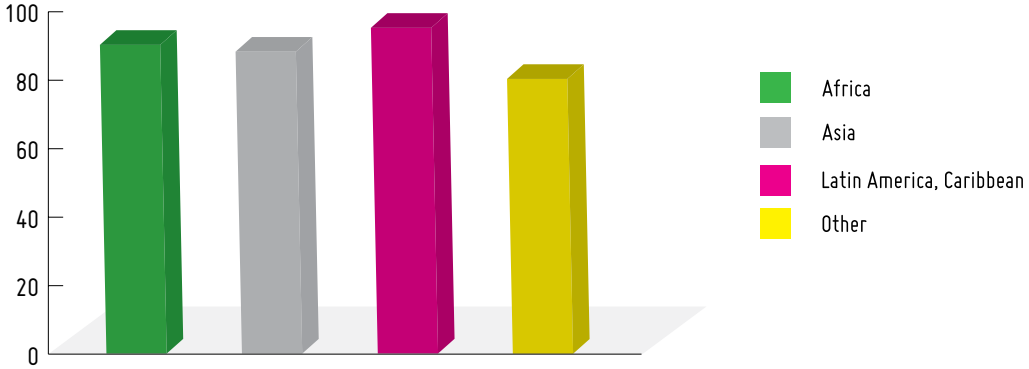


Chart 18: Regional variations in % of respondents providing training, skills development



53% reporting a similar level of attention to training women. In Africa and Asia, the same level of attention has been given to training youth.

However in Latin America, less attention appears to be paid to youth training, with over 70% reporting that 40% or less of those being trained were youth (see Chart 20). Given the level of unemployment of youth in the Latin America and Caribbean region (17% [1]), micro and small enterprises could be encouraged further in future to ensure that youth, as well as women, are benefitting from the transfer of skills and training.

4.3 Capacity for training and skills development and types of training provided

It is useful to note here that when respondents provided additional comments on their type of enterprises, only 6% indicated that they considered themselves training organisations. And yet, 90% of them are involved in some aspect of training and education with their communities.

When correlated to the numbers of respondents who indicated that they were introducing or developing new, more environmentally friendly technologies and production processes into their communities (66%), the training burden becomes even more significant. This raises questions about whether the enterprises have sufficient capacity to manage training in addition to all other aspects of their work.

This observation is reinforced later in the survey findings. When respondents were asked about barriers to success (see Section 7), the single most significant barrier to overcome was lack of access to funds for training, followed by lack of adequate technical skills in the community (see Chart 21).

This challenge of the lack of technical skills emerges elsewhere in the data as well. Several respondents noted this when reporting on their progress towards achieving environmental benefits, for example:

- *just beginning , constrained by no funds or technical expertise*

Chart 19: Number of people in communities benefitting from skills training

An analysis of additional comments on types of training and skills development being provided revealed the following (see Chart 22; see Appendix 7 for the full list of comments):

1. Over half of the respondents reported that they were undertaking a range of training activities in the communities, usually a combination of some type of technical training with business management or microfinancing skills, for example:

- *…microfinance skills and sustainable modern farming methods using Ecosan technology*
- *capacity building of producers in ecological farming practices… [and] credit mechanisms for farmers in the São Paulo city*

2. Skills development activities can vary widely within one enterprise:

- *…Stitching, sewing and dress designing, handicrafts, embroideries, livestock and dairy products processing and preservation, buffalo, cow and sheep raising, small credits for small and family business entities*

[1] *Based on Global Employment Trends January 2010, International Labour Office*

Chart 20: Those trained who are women or youth

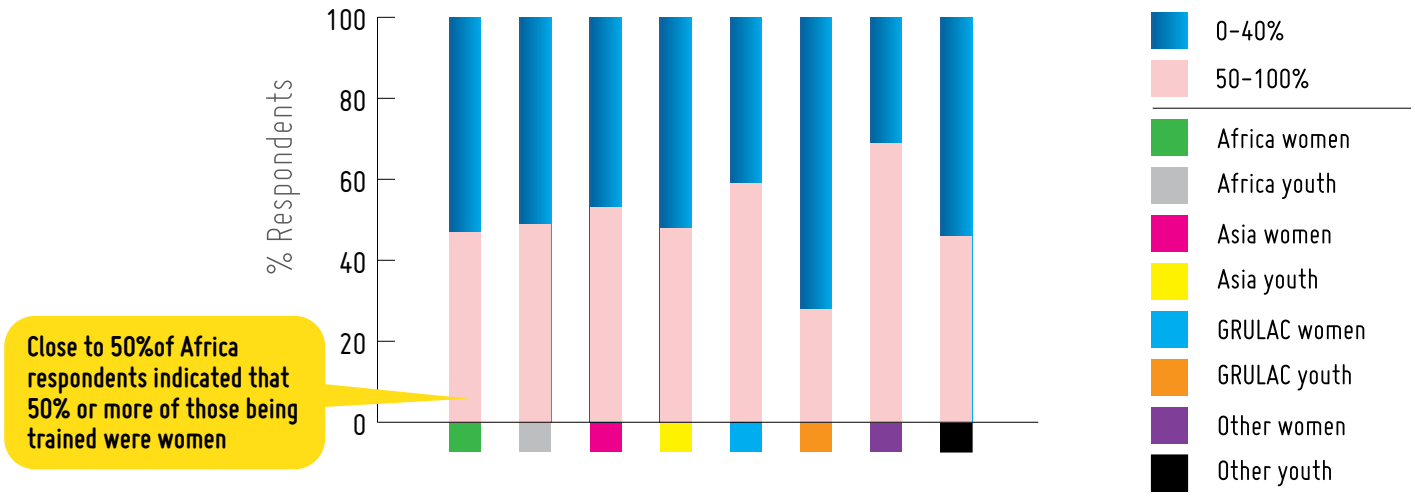


Chart 21: National and local barriers that must be overcome

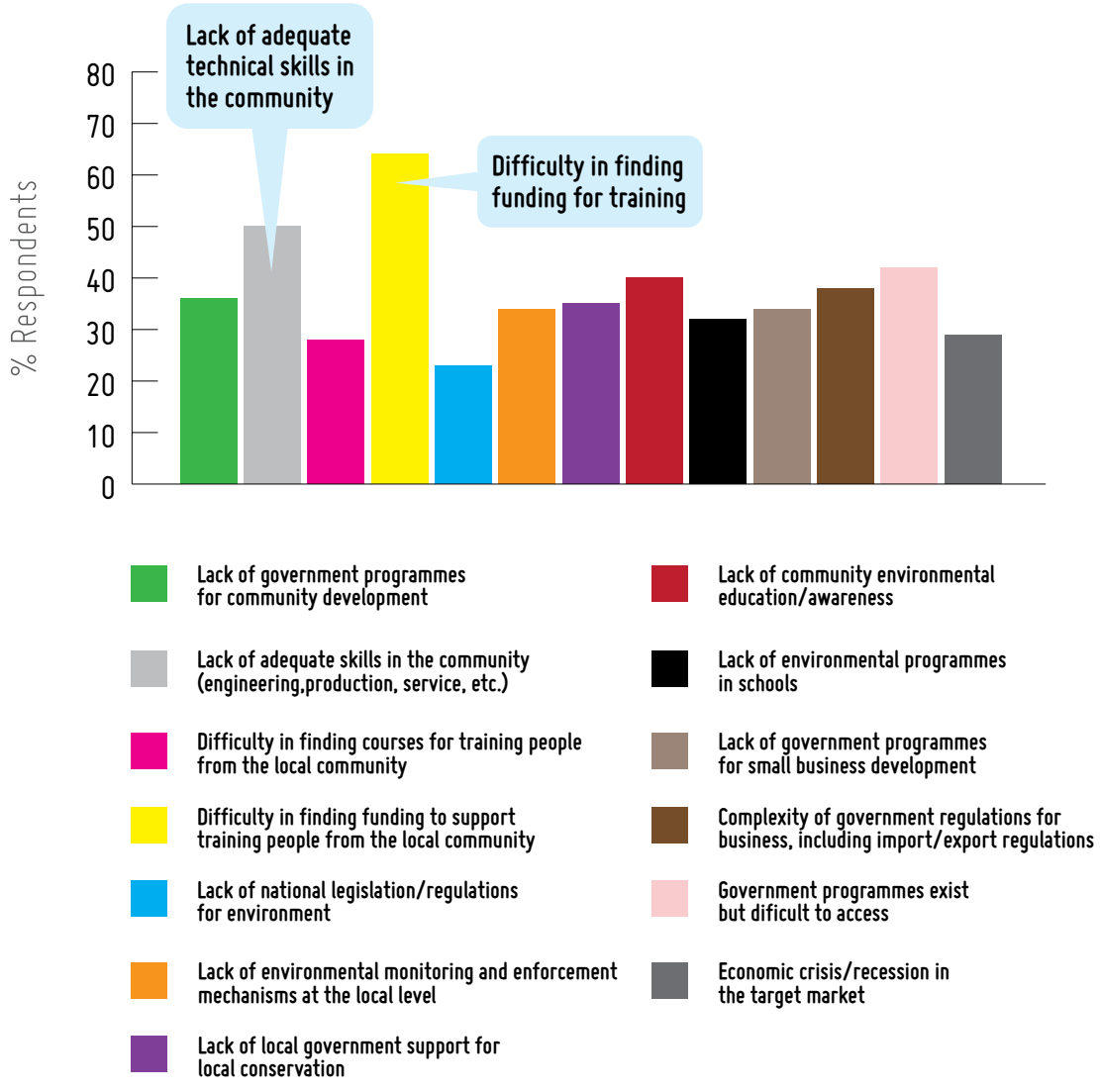
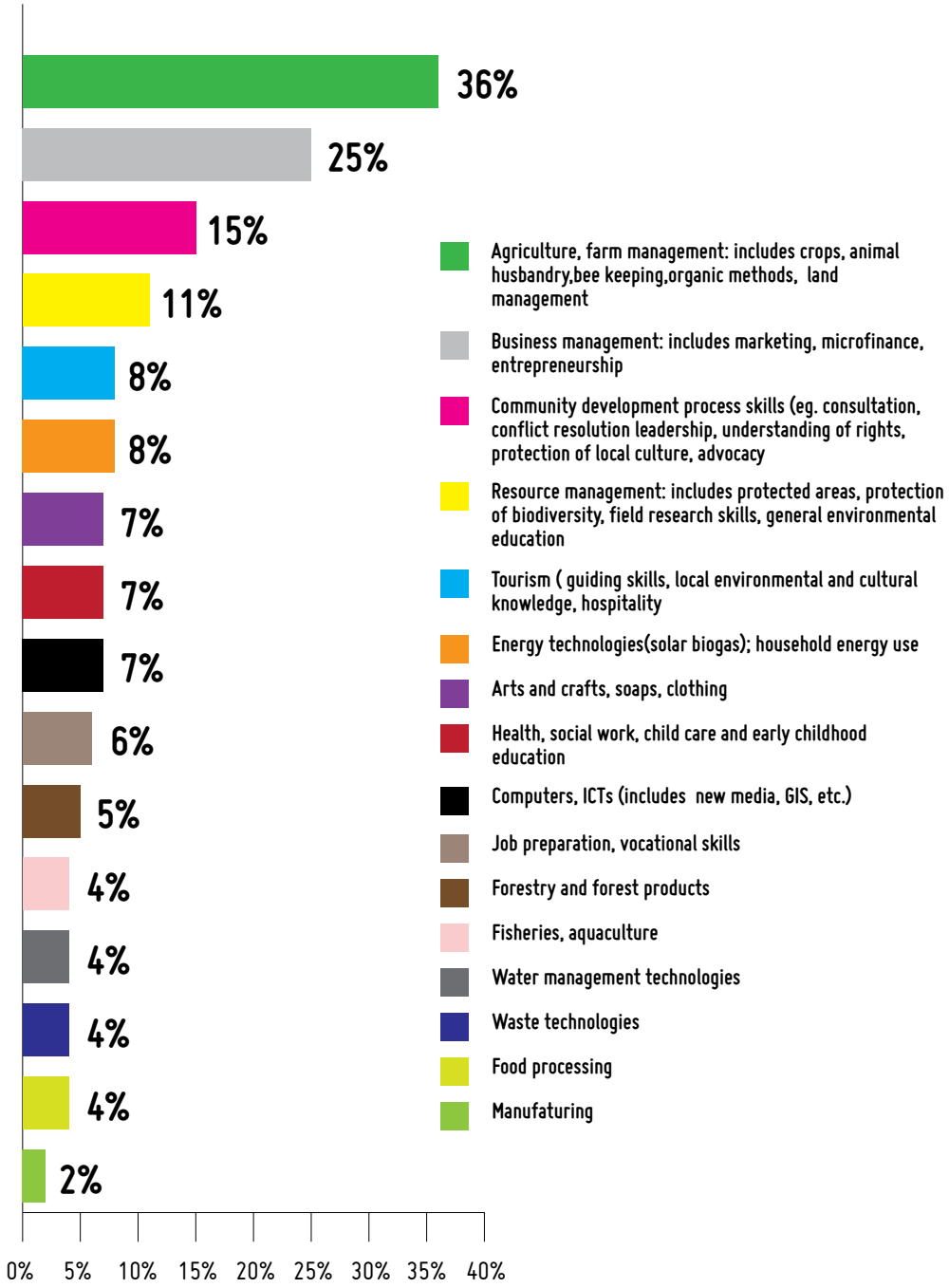


Chart 22:Types of skills development and training



3. Training in new or improved agricultural practices dominates the responses, followed by training in small business management and entrepreneurship.

4. Training can be highly technical, focused on the introduction of new technologies, such as ICTs (including GIS and remote sensing data processing), seed production technology, solar, biomass and biogas, water management (irrigation and membrane technologies), organic and non-organic (chemicals) techniques for pest and blight management, oil distillation from wild and cultivated plants, and food processing.

5. The training is often accompanied by broader community awareness and education efforts, for example:

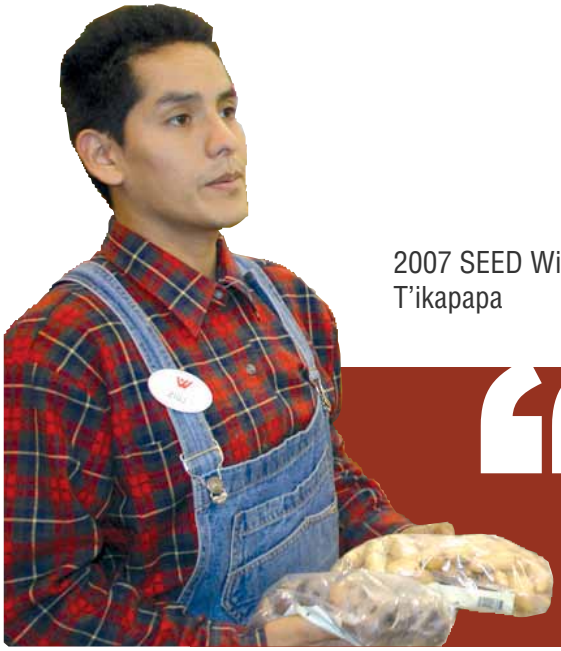
- *A local community researcher and a local intern have been trained in laboratory skills, mangrove restoration skills, field biology skills, and bioremediation skills.*

Mangrove restoration skills have been promoted at community gatherings and high schools.

4.4 Serving a bridging role to influence national policy

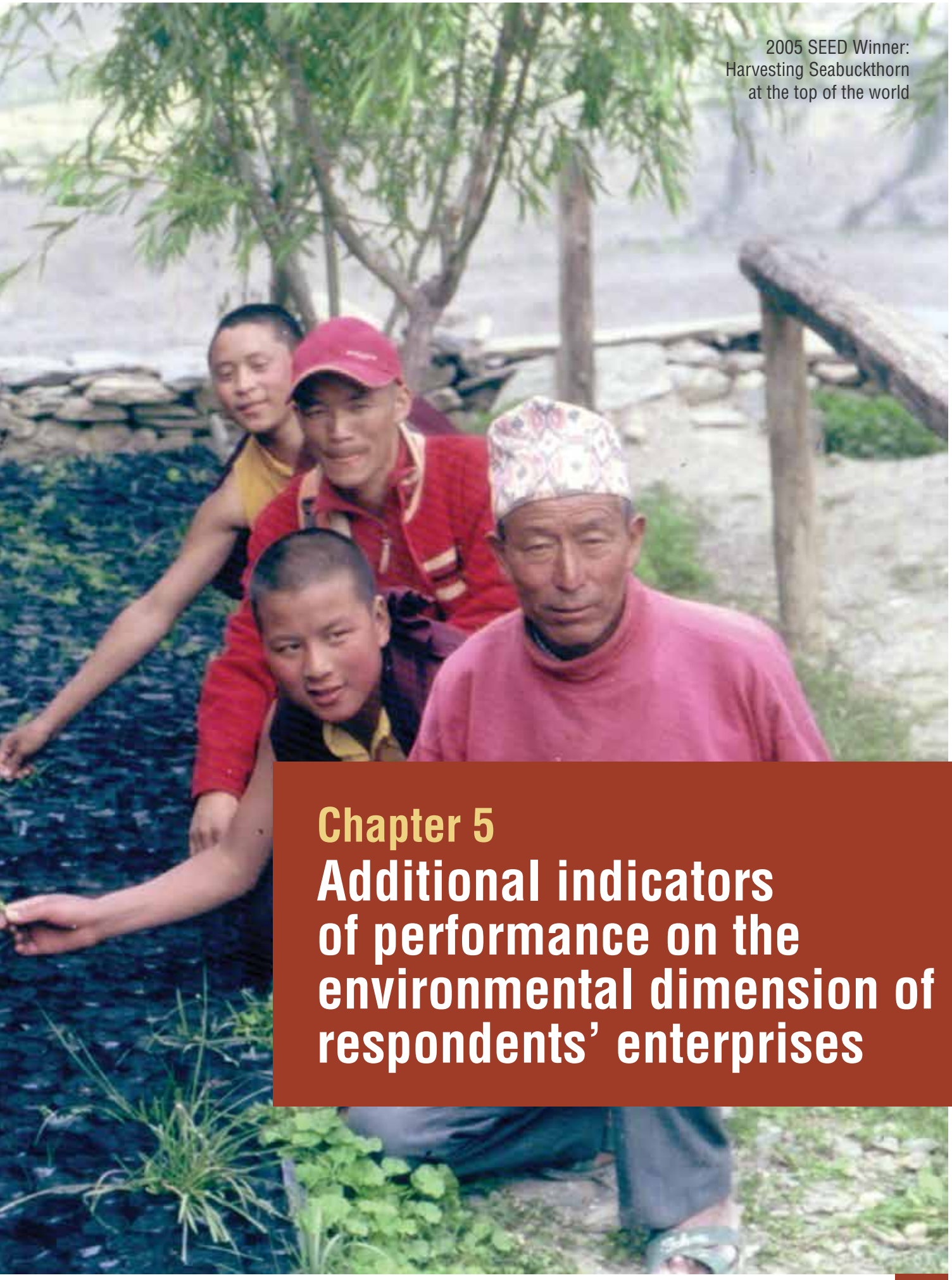
Most interesting, however, are the policy outcomes reported by a number of respondents, suggesting that respondents are playing a bridging role between local and national actors, requiring significant efforts on their part to influence policy makers to create and support an environment for changes at the local level, for example:

- *Government decision makers have been brought to the women at the village level.*
- *Government is recognizing the role of non-traditional cash crops.*
- *The organisation has succeeded to convince Government to increase farmers' compensation from 14% to 30%.*
- *The project is influencing national policy already; the integrated population, health and environment (PHE) programme is now operating at a regional scale with ambitious plans for replication in coming months.*
- *The government [was convinced] to do a specific [wind energy] study … that found our hilly ridge to measure 3.2 metres per second on average*
- *Last year, farmers were invited to participate in discussions on the management plans of the Field River Nature Reserve and the Altos de Nsork National Park. They also participated in the planning of the project proposal submitted to GEF on [sustainable] Ecosystem Conservation in Equatorial Guinea.*
- *At the national level, we are advising the governments of South Africa (Department of Science and Technology and the Department of Water and Environmental Affairs) and India (National Biodiversity Authority) on how best to implement ABS [Access and Benefit Sharing] laws to recognize customary laws and traditional authorities, support community management of natural resources, and ensure that any ABS deals that are brokered are fair and equitable.*



2007 SEED Winner:
T'ikapapa

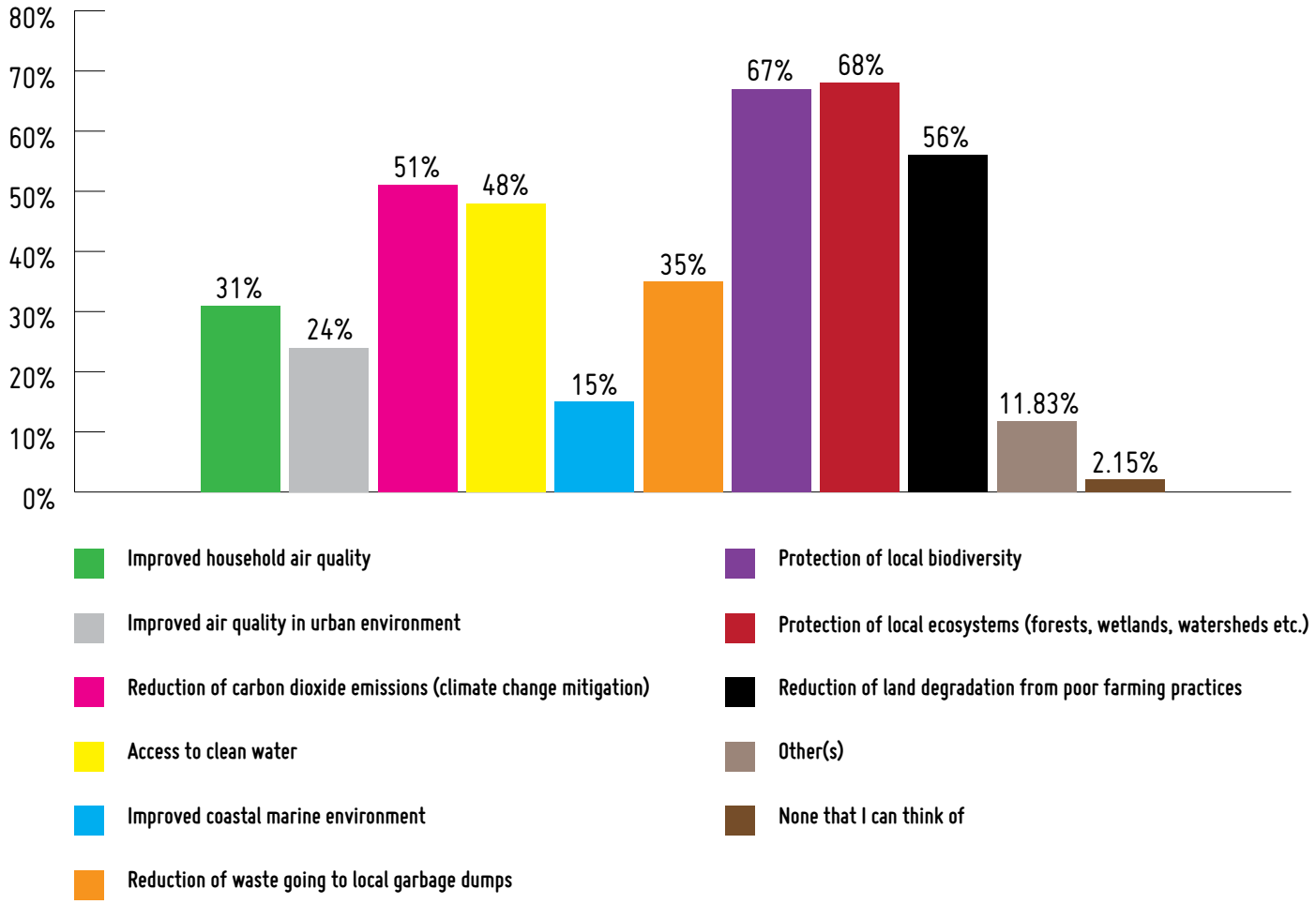
> This challenge of the lack of technical skills emerges elsewhere in the data as well. Several respondents noted this when reporting on their progress towards achieving environmental benefits



2005 SEED Winner:
Harvesting Seabuckthorn
at the top of the world

Chapter 5
Additional indicators of performance on the environmental dimension of respondents' enterprises

Chart 23: Have you planned for other environmental benefits to come from your enterprise?



As with the social dimension, in addition to asking respondents to disclose targets and their progress against those targets, we asked several questions to identify other indications of progress on the environmental dimension of their enterprises. These questions were based on the research for SEED in 2008 on key performance indicators for micro and small enterprises, and include:

- *Planning for other environmental benefits to be realized in the communities*
- *Introduction of new, more environmentally friendly technologies or production practices*
- *Management of potentially negative impacts on the environment*
- *Public education and awareness-raising of environment and sustainable development*

5.1 Planning for other environmental benefits

Respondents were provided with a preset list of benefits from which to select. Over two-thirds of respondents selected the protection of ecosystems and the protection of biodiversity, more than any other benefit on the list (see Chart 23). About half of the group also suggested a downstream benefit from their work in the reduction of carbon dioxide emissions. Those who provided additional information in the "other" category for the most part provided more specific information that could be captured within the preset categories. No major gaps in the types of benefits were identified by respondents, although it may be helpful in future to strengthen the description of the "types": for example, "reduction of land degradation" should include improved soil quality, and possibly something on reduction of contamination from chemical pollutants within the description of ecosystem management.

We should note here the much lower response rate on the improvement of the coastal/marine environment. Only a small number of respondents noted in describing their type of enterprise that they were working in fisheries and aquaculture enterprises. We do not wish – nor do we have grounds – to imply that social and environmental enterprise development in the coastal communities and fisheries sector is any less advanced than in agriculture or other sectors; it is more probable that SEED itself may not yet be attracting significant numbers of micro and small enterprises working in this domain to its awards programme.

We should also note that 25% of respondents selected urban air quality. Nearly 50% selected access to clean water and a third noted the reduction of waste to local garbage dumps, but these latter two can apply to both urban and rural communities. No comments in the "other" category suggested that respondents were planning specifically for other urban environmental benefits to be achieved. We did not attempt in the survey process to determine the urban or rural focus of the micro and small enterprises, and we note that many of the social benefits appear to include urban as well as rural beneficiaries. But there is a lack of specificity from our earlier research and from this survey that would help micro and small enterprises to identify more clearly meaningful achievements in urban and periurban environments, beyond air, water and waste management.

Close to 50% of respondents provided progress notes on other environmental benefits, 20% less than those reporting on other social benefits. However, many of the notes are repetitive of information provided in the targets section and do not add significantly to the emerging picture of micro and small enterprise progress on the environmental dimensions of their enterprises. As we found in the earlier analysis of their reporting against their stated targets, the progress notes in general lack specificity in the achievements to date, for example:

- *improved quality of air by [replacing] kerosene based lighting with smokeless solar. Reduction of carbon emissions and protection of ecosystem by providing renewable products for cooking, heating and preservation.*
- *protection of local ecosystems and improved marine environments through sivofishery initiatives*
- *quand vous plantez des arbres utilies, vous améliorez de facto l'environnement [When you plant useful trees, you also improve the environment]*

We observed progress reporting by at least ten or more respondents on two other types of benefits not on the preset list; interestingly, they correlate to the subsequent questions on the introduction of new, more environmentally friendly technology and on public education and awareness raising:

1. Progress involving the use of new technologies

- *solar energy water pumps have been installed, organic fertilisers are being produced including EM based anaerobic systems and vermicast; Access to clean water via solar energy operated wells*
- *We have a [manual] briquettes [making] machine but we want to purchase the modern machine from India*

2. Progress on public education and awareness-raising

- *People are now more aware of the endangered status of the primates in the forest and understand the need to protect them. People are beginning to associate conservation of biodiversity with assistance in the form of developing new livelihood strategies*
- *People in different project areas are appreciating the benefits of the natural resource conservation practices. People are shutting off the activities that [cause] harm to environment*

Unlike the social benefits question, no policy influences were reported as part of achieving environmental benefits.

Fewer respondents noted barriers to their work in this section (unlike the comparable question under social dimension), although barriers mentioned were predominantly related to lack of access to financing.

Chart 24: New, more environmentally friendly technology or production practices introduced

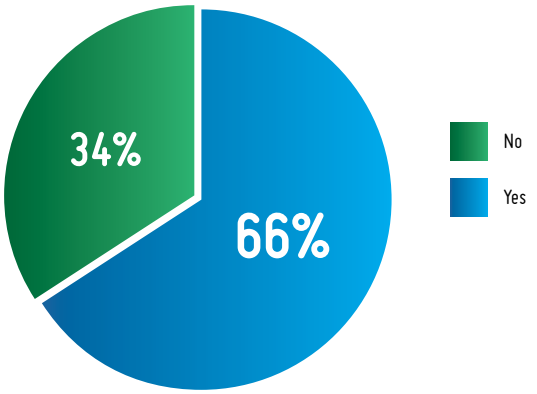


Chart 25: Introduction of new technologies or production practices

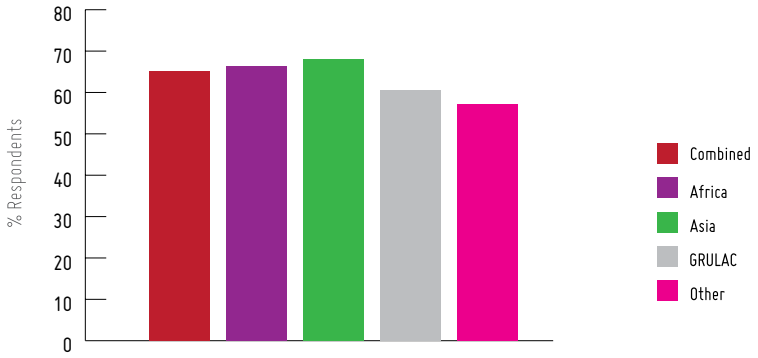
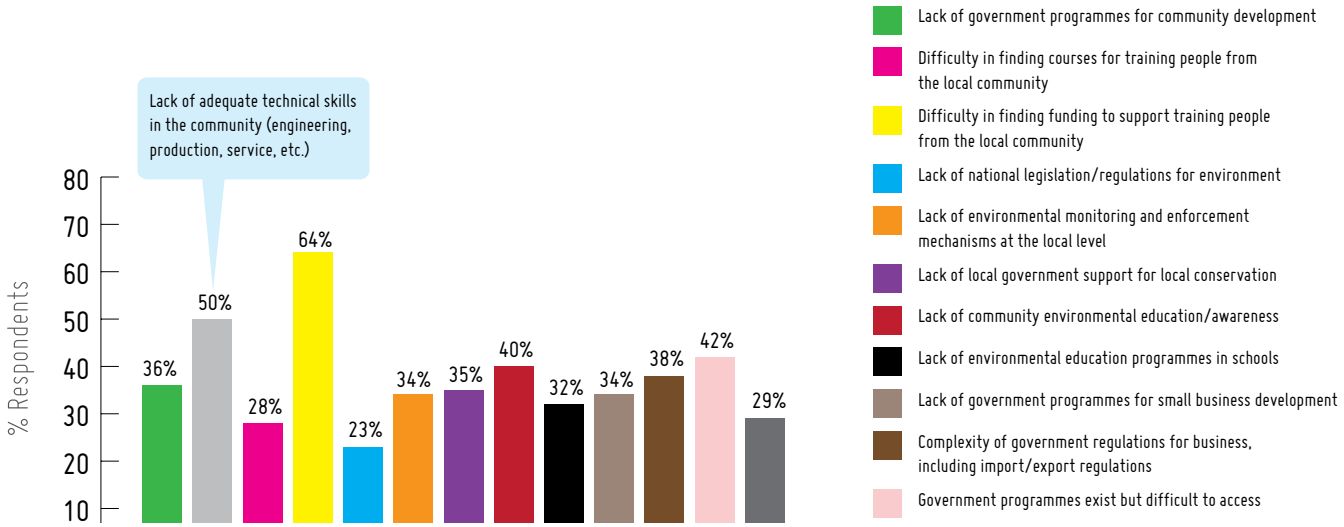


Chart 26: National and local barriers that must be overcome



Several enterprises in particular noted that the exercise revealed limited performance on this aspect of their work, and the need for better monitoring mechanisms, for example:

- *We have only achieved 10% of the benefits... This is a clear indication that we need to do more in this respect.*
- *…Increased forest cover provides protection of watershed and biodiversity, but work must be done to improve monitoring of these impacts by developing simple, cost-effective indicators.*

This reinforces comments made elsewhere in the survey, that respondents found the process to be helpful in thinking through both what they really wanted to accomplish and how they were doing in achieving those goals. The full list of progress notes on other environmental benefits has been included in Appendix 8.

5.2 Developing or introducing a new, more environmentally-friendly technology or production practice

Another significant finding in the survey was the investment that micro and small enterprises were making in introducing or developing new technologies or production practices through their work. Of those who responded to this question, two-thirds affirmed that this was the case for their enterprise (see Chart 24).

Regional variations suggest slightly greater attention paid to new technologies and production practices

in the Asia region, and somewhat less attention in the Latin America/Caribbean group (see Chart 25), but nevertheless overall the importance of this to the responding micro and small enterprises is significant. To reinforce this finding, we should again draw attention to the barrier noted by 50% of respondents: the lack of adequate technical skills in the community (see Chart 26).

Over a third of the respondents provided additional notes on what they were introducing or developing, and expanded their comments to include not only technologies but management processes and financing approaches. An analysis of the written submissions reveals the following types of technologies and processes most often referenced (see Chart 27):

- *Agriculture: includes new cultivation and propagation processes, including domestication of wild species; animal husbandry; irrigation; fertilisation; etc.*
- *Energy: includes biogas, solar, wind*
- *Manufacturing: includes food and textile processing and production*
- *Household energy, sanitation and water supply*
- *Information and communication technologies*
- *Certification schemes, community bylaws, community planning and financing approaches*

Perhaps not surprisingly, given that the respondent group is dominated by micro and small enterprises working in agriculture, more agricultural technologies were referenced than other types of technology, for example:

- *Micro-propagation of bamboo through tissue-culture technology*
- *A new technology for separating croton seed from the shell has also been developed.*
- *Use of hybrid of local vegetable seeds for higher production and income; introduction of green house technology to reduce water wastage and increased productivity*
- *Energy crop agro-forestry that involves planting of non-edible oil seeds to be used for biofuel production together with food crops on the same piece of land.*

References to the introduction of new energy technologies were occasionally made in the context of co-benefits and other efficiency gains:

- *The use of corn sub-products … for the generation of biogas, fertilisers and food for farm animals. Also in*

Chart 27: Types of technology and processes introduced

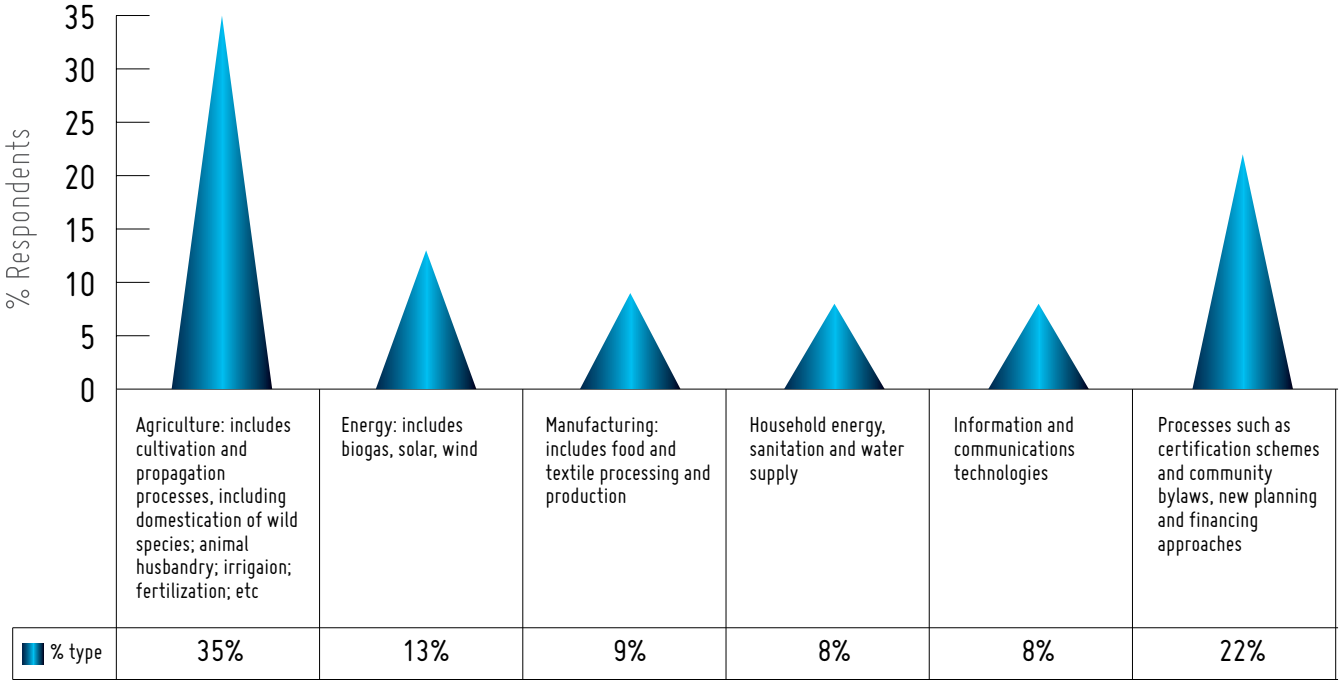
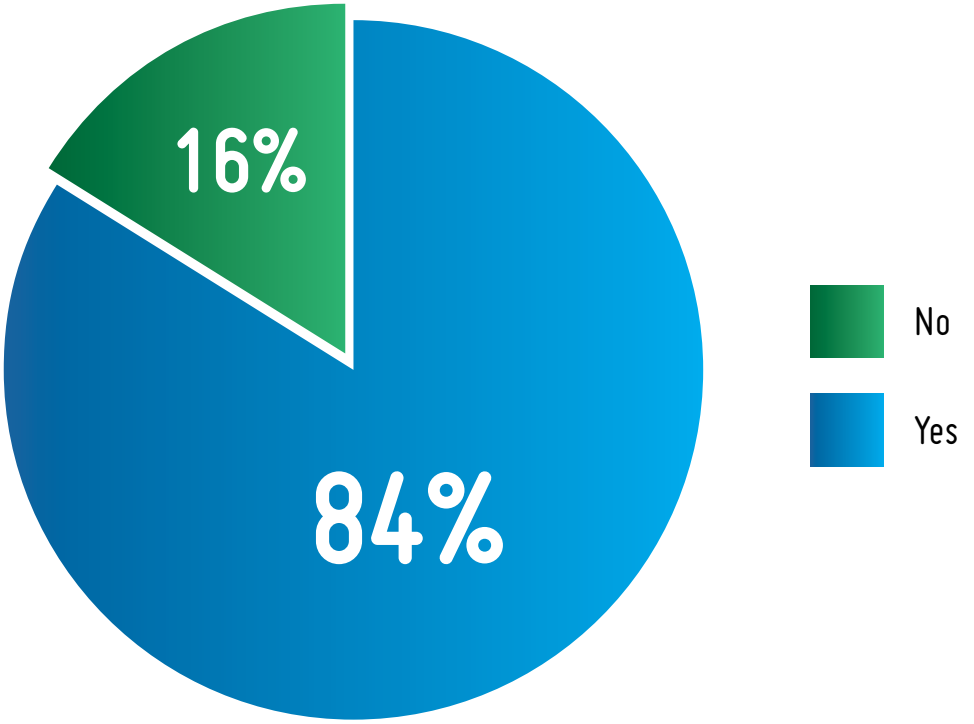


Chart 28: Does your enterprise deliver public education and awareness programmes?



the recovery of residual thermal energy in some processes such as pottery and tortilla machines.

- *Rice husk ash (RHA): The partnership works to enhance the energy efficiency of conventional rice mill furnaces to reduce the husk consumption and related greenhouse gas emissions. The new technology developed by the partners has been pilot-tested successfully and now awaits implementation on commercial scale. At the same time, the initiative sets up a new value added chain through the production of low-cost RHA cement…*

An additional 22% referred to the development or introduction of new processes, such as certification schemes and community bylaws, or broader community processes and financing approaches, for example:

- *Strictly prohibited plastic items and compulsory planting of trees at every house, minimum one solar item possessed [per family]*
- *New models for financial sustainability, conservation and sustainable use of biodiversity*
- *BCPs [biodiversity conservation protocols] are in effect new legal tools that help to initiate a participatory process within communities to identify their resources and develop clear terms and conditions for access to such resources based on their customary laws and values.*
- *It is a village poultry [management] model aimed at demonstrating that such a model is an effective and efficient way of poverty reduction and achievement of sustainable livelihoods for the poor rural villagers.*

Complete responses are included in Appendix 9.

[2] *Boyer, D., Creech, H. and Paas, L. 2008. Critical Success Factors and Performance Measures for Start-up Social and Environmental Enterprises. www.seedinit.org/en/best-practices-and-policy/seed-reports.html.*

5.3 Management of potentially negative impacts on the environment

In SEED's 2008 research into critical success factors and performance indicators[2], we noted the potential for negative environmental impacts related to unintended consequences of creating markets for products based on indigenous wild species. In this survey, therefore, we asked whether the micro and small enterprise was using biological inputs (does it use natural resources such as crops, forests, wild plants, etc.), and if so, how was it ensuring that the biological input would not be exhausted or irreparably damaged, or that there would be no detrimental environmental impacts from the increased cultivation and harvesting of domesticated crops?

Over 50% of the respondents did not answer this question, with another third answering in the negative (no biological inputs involved). However, for those who answered in the affirmative, their written comments actually responded to a broader issue about the management in general of potentially negative environmental impacts of their enterprise.

Three approaches to managing impacts emerged from the comments provided.

1. Setting codes of practice, rules and following established principles:

- *By managing visitor numbers, developing codes of practice and prescribing an ethic of caring.*
- *FSC [Forest Stewardship Council] certification covers most of these points. Good forestry practices and our ongoing commitment to FSC will ensure that sustainability is retained*
- *Every community [that is] actively producing vermi fertilisers and those who are planning to … are obliged to plant forage trees/plants.*

2. Establishing relationships with other institutions and partners for support and advice

- *working with the best sustainable development universities*
- *through advice from NGOs like TECHNOSERVE, we have put efficient and better agronomy practice in place to preserve the land for sustainable good yields*
- *Nous sommes membre de ROAM Rwanda organic movement [We are a member of the Rwanda organic movement ROAM]*

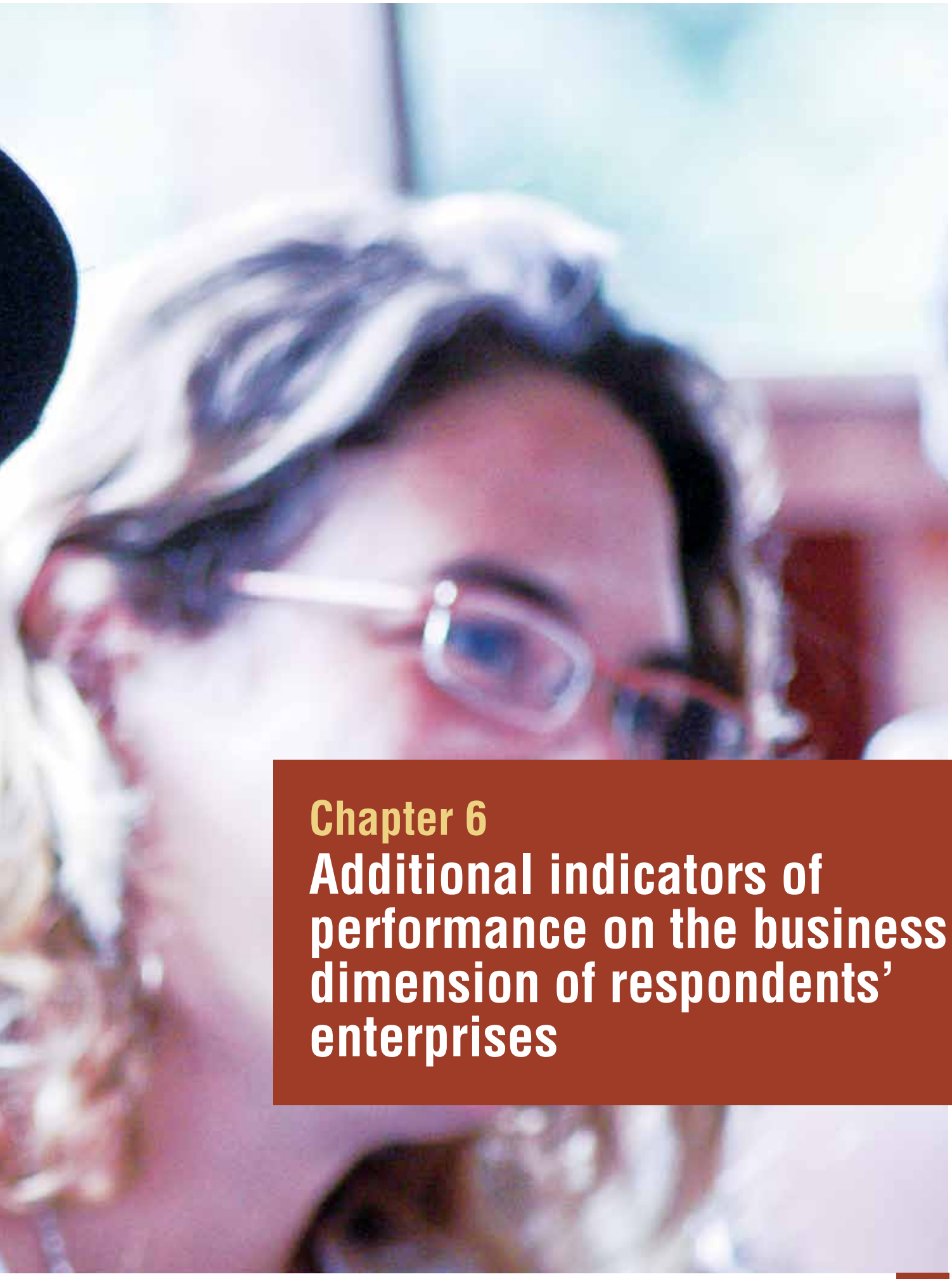
3. Community training and awareness raising

- *we lobby through sensitisation of the locals*
- *We are teaching the women's cooperatives how to harvest the fruits sustainably*
- *With provision of clean water for domestic use, we encourage the community to plant water-friendly trees around water catchment areas. We are also carrying out a "cut one [tree], plant more trees" campaign to ensure environmental sustainability.*

Complete responses on environmental impact management are included in Appendix 10.

5.4 Public education and awareness raising on environment and sustainable development

Responses to a question on whether the enterprise delivers public education and awareness programmes designed to lead to "greener" choices confirmed findings in previous sections, that the respondents are heavily involved in community organizing, training, education and awareness raising (see Chart 28). There was significant repetition in the responses at this point in the survey, with similar answers having been provided in the social and environmental targets and questions related to training and management of environmental impacts. No unique insights emerged from the input provided on this issue. Over 40% of respondents also noted under barriers (discussed in Section 7) that lack of community environmental awareness was a barrier to be overcome.



Chapter 6
Additional indicators of performance on the business dimension of respondents' enterprises

We limited the supplemental questions on business performance to two, focusing as strictly as we could on the income generation aspects of the enterprise, as a contribution to poverty alleviation:

- *Was/were the individual (s) leading the enterprise able to make a living from the enterprise, and if not, what were their other sources of income?*
- *Did the enterprise have employees or participants that were able to make a living from the enterprise, and if not, what were their other sources of income?*

These questions were designed to elicit a picture of the financial sustainability of the enterprise, and therefore a contribution to the local or national economy.

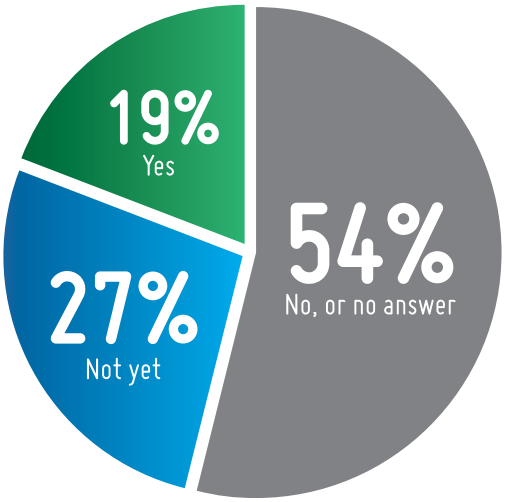
6.1 Income for the manager/coordinator of the enterprise

Nearly two-thirds of the respondents answered this question, but of those, nearly 10% indicated that the question was not applicable to them. When combined with those who said "no", and with over a third not responding at all, it suggests that these social and environmental enterprises struggle with concepts of business practices and revenue generation for their own efforts.

Even so, it was encouraging to see that nearly one-fifth of the respondents answered that they were indeed able to make a living from their enterprise (see Chart 29). And over 25% indicated that they were not yet making a living, which suggests that they are working towards doing so. Regional variations on this question were relatively limited.

Whether they were able to make a living in full or in part from revenues generated through the enterprise, nevertheless many respondents provided information on supplemental sources of income. At the top of the list is reliance on more traditional development assistance project grants (see Chart 30). Again, when correlated with the number of respondents who either chose not to answer, or who indicated that the question was not applicable to them, it reinforces a picture that these social and environmental entrepreneurs face challenges in working with more business style models for their operations. Reporting on business targets suggested a good measure of clarity and "SMARTness" on business goals, but nevertheless the respondents do not, by and large, see the enterprise as their livelihood.

Chart 29: As the manager/coordinator of this entreprises, are you able to make a living from it?



6.2 Income for employees or participants in the enterprise

However, out of the respondent group as a whole, 38% indicated that employees and participants in the enterprise such as farmers groups were able to make a living from the enterprise, with another 15% indicating "not yet". This suggests more clearly that the enterprises are directly influencing economic development and poverty alleviation in their communities or regions.

The follow-up question, "If your employees or contributors are not able to make a living solely from the sale of products or services from your enterprise, what are THEIR other sources of income/revenue?" produced results comparable to the results for the managers themselves (see Chart 31), with a fairly even distribution around revenues from sales of products and services and other family income. Again, reliance on more traditional development assistance project grants is high, but in this case, alternative income from another part time job is somewhat more common.

Chart 30: Other sources of income/revenue for the enterprise manager.

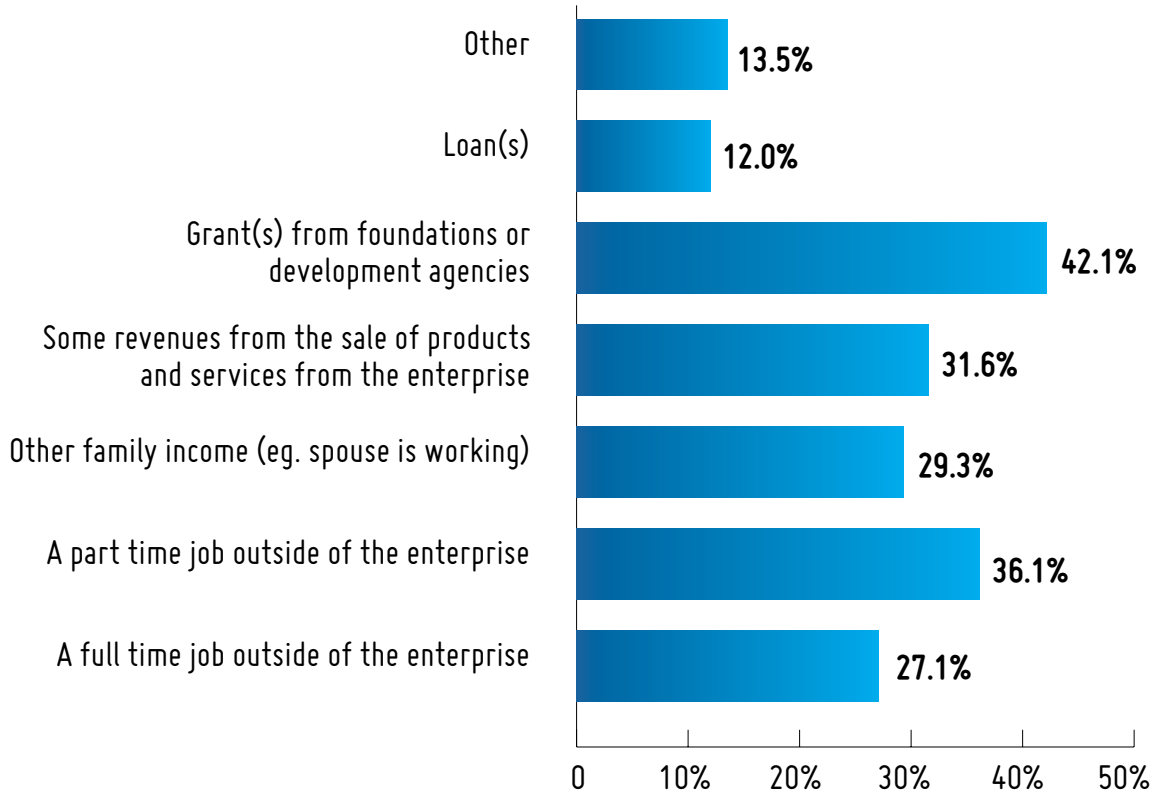
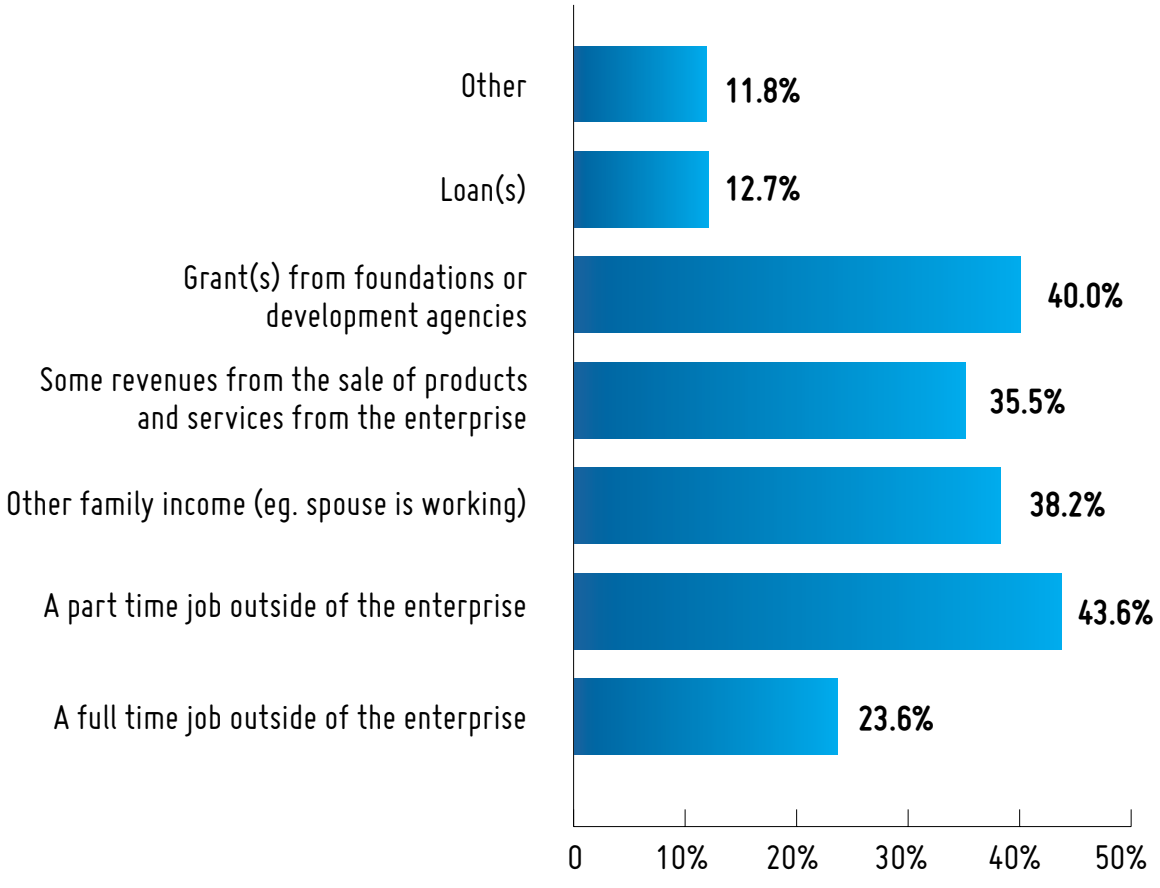
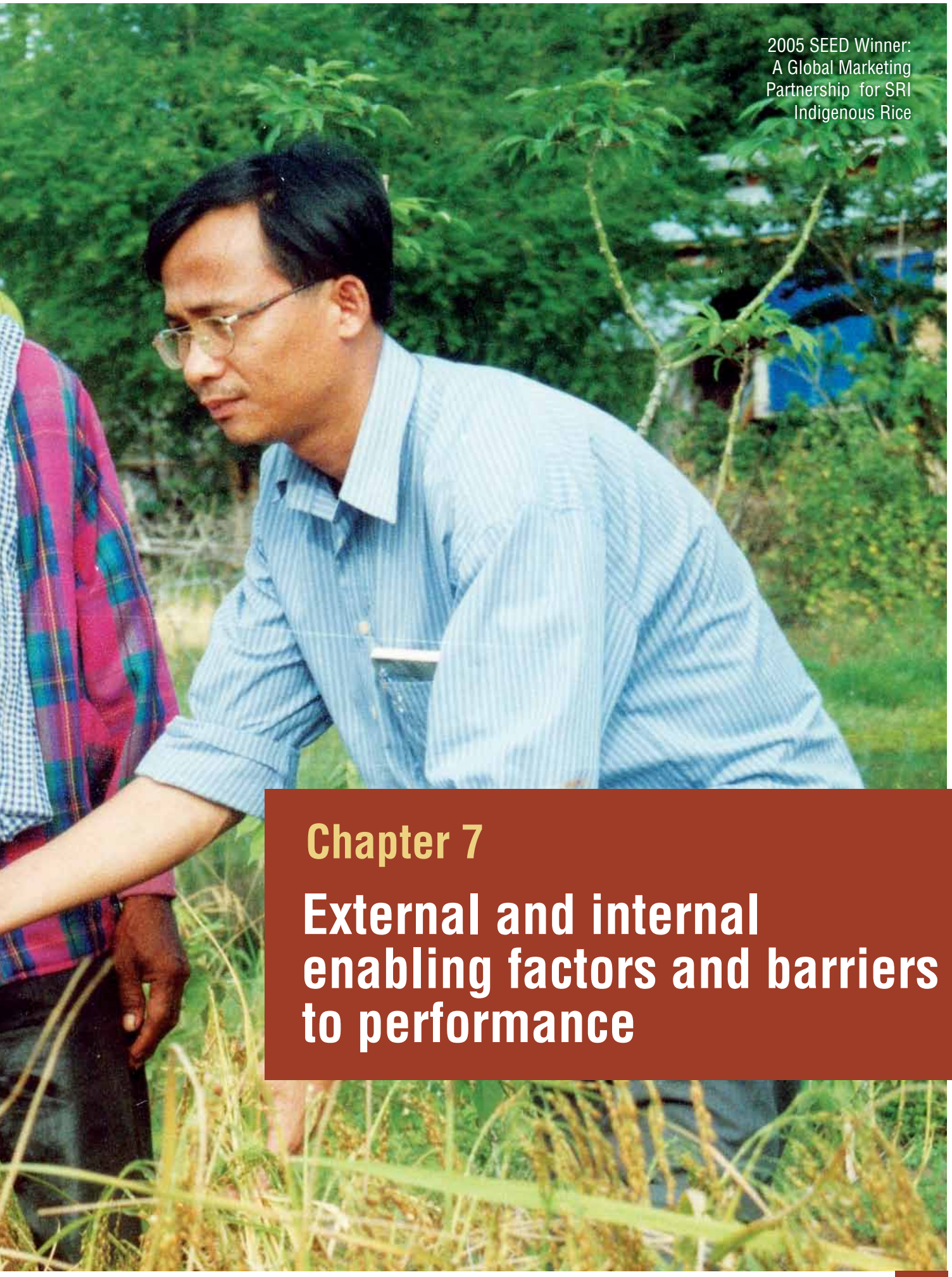


Chart 31: Other sources of income/revenue for employees, participants





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A Global Marketing
Partnership for SRI
Indigenous Rice

Chapter 7

External and internal enabling factors and barriers to performance

In addition, the survey asked about the internal and external influences on the enterprise, following a modified SWOT (strengths, weaknesses, opportunities, threats) approach. Respondents were asked to indicate external enabling factors and barriers to success (opportunities and threats) as well as internal success factors and barriers to success (strengths and weaknesses).

7.1 External, national and local factors in place that help the enterprise to achieve good performance

Only 60% of respondents reported on the presence of national and local external enabling factors, but most important to those who did report was the willingness of the right partners – those that have good standing in the community – to collaborate with the enterprise (see Chart 32). Only a third of respondents reported that supportive legislation existed.

In additional, a few respondents noted additional factors:

- *Involvement of university or other research partners*
- *Government supportive of small business, including clear rules and regulations*
- *Media interest*

7.2 External, national and local barriers that must be overcome

As discussed in Section 4, respondents to this question on external barriers were clear that finding funding to support training is far and away the most significant challenge they face, followed by lack of adequate technical skills in the community (see Chart 33). Lack of community environmental awareness also posed a challenge, and reinforces the emphasis that respondents placed on the delivery of public education and awareness programmes designed to lead to "greener" choices and actions made by the local community (Section 5).

In additional, a few respondents noted two significant additional barriers:

Chart 32: External, national and local factors

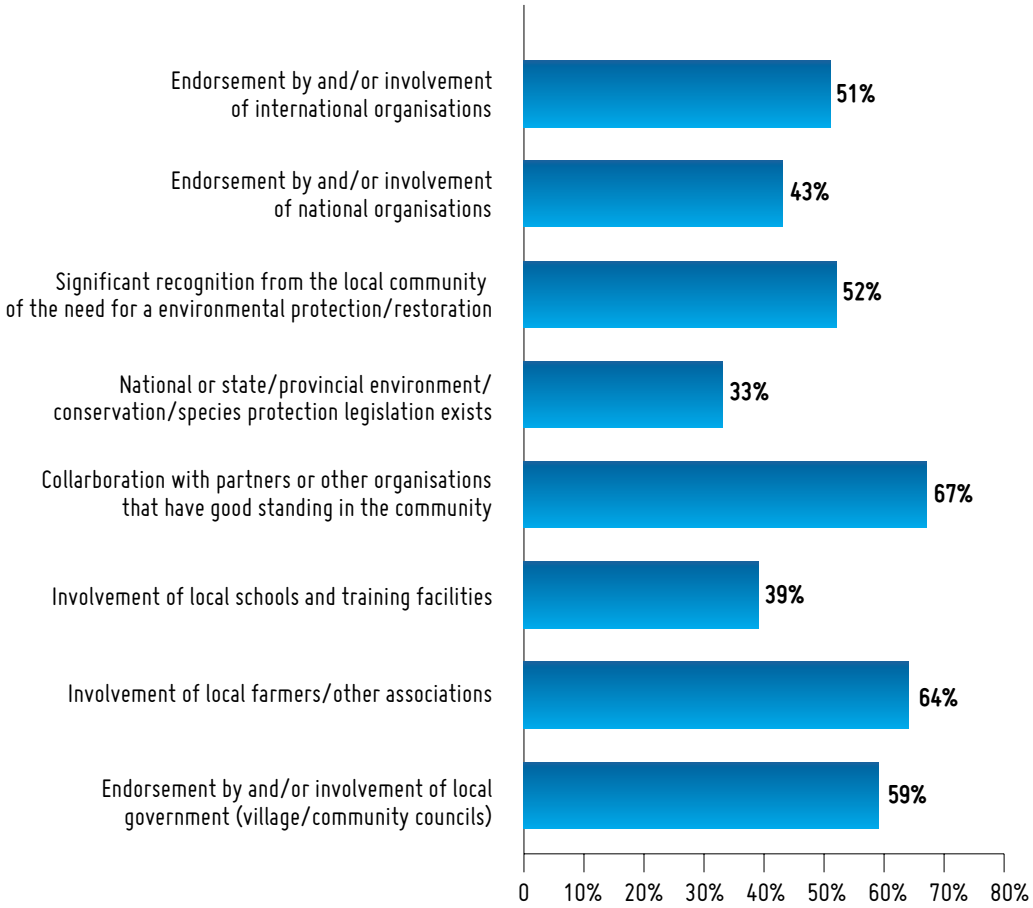
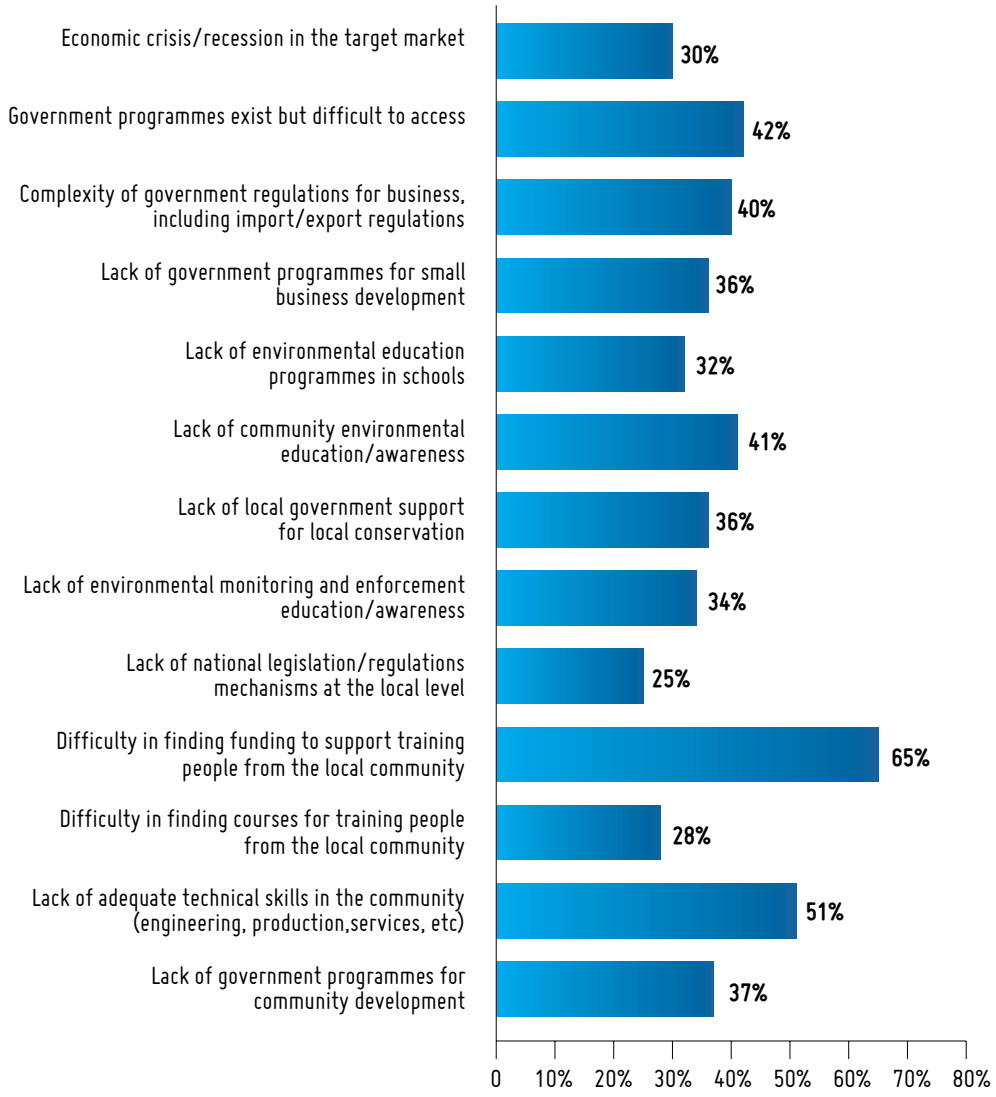


Chart 33: External, national and local barriers to overcome



- *Civil unrest, political instability and conflict*
- *Corruption in government and business community (as one respondent noted, particularly in the export business)*

7.3 Internal, enterprise management factors in place that help the enterprise to achieve good performance

Internal, enterprise-specific enabling factors were chosen based on the 2008 research into critical success factors for social and environmental entrepreneurs, together with several more specific elements within those factors, such as training of key personnel or securing of international certification. Of the critical success factors identified in 2008, respondents were not asked directly about whether they had demonstrated "proof of concept" for their enterprise: in order to reduce the need for more detailed explanation, the essence of the factor — testing for potential demand for the enterprise's products or services through market research — was listed in its place. Another success factor, the ability to set and monitor social, environmental and business performance ("triple bottom line"), has been explored through other questions in this survey. The presence of the remaining critical success factor, engagement of the local community, was included in external enabling factors, above.

Of those who responded to this question, security of leadership of the enterprise was most often present as an enabling factor, followed by business plans (see Chart 34). Of some concern was the

lower percentage of those reporting that financing was in place – just over 20%. No additional internal factors were suggested by respondents.

7.4 Internal, enterprise management challenges that must be overcome

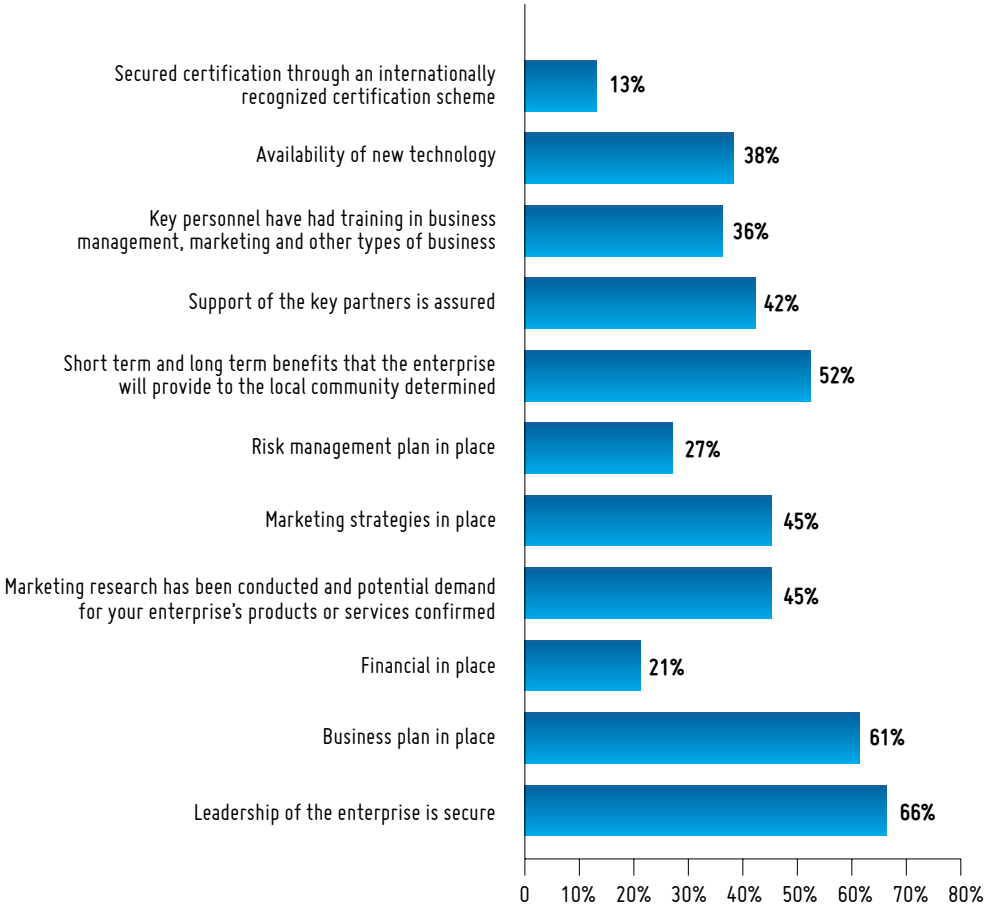
The single most significant challenge that respondents believe they face is lack of access to international aid or project financing, with just over two-thirds of respondents to this question noting this (see Chart 35). This correlates to the finding in Section 6, that the most common source of income for the enterprise are grants from foundations or development assistance agencies. And it further reinforces the observation that these social and environmental entrepreneurs face challenges in working with more business style models for their operations. One respondent observed that "Too many entrepreneurs are still not investment ready. More education and examples are needed."

Two other significant barriers are getting partners to contribute adequately (over 50% response) and finding the right partners (44%). This reinforces the observation throughout this study, and previous research for SEED[3], that partnership is a key characteristic and success factor for the enterprises, even though contact people in these enterprises see themselves somewhat outside of the partnership role, and more as the leaders/drivers of the enterprise (see Section 2).

In additional, a few respondents noted additional barriers:

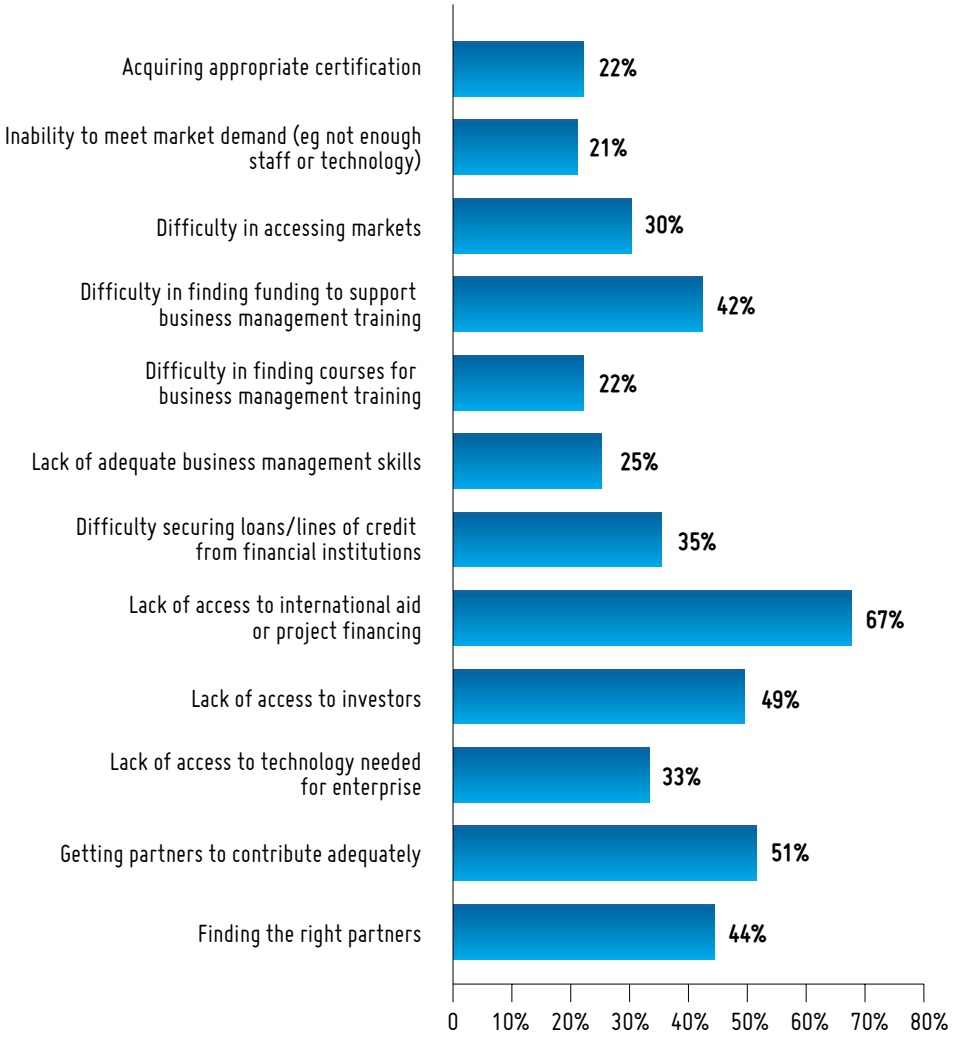
- *Lack of skills in community environmental awareness-raising (as one respondent suggested, "The ability to change community mindset… Such behaviour needs to be changed.")*
- *Changes in founding members of the enterprise*

Chart 34: Internal,enabling factors within the enterprise

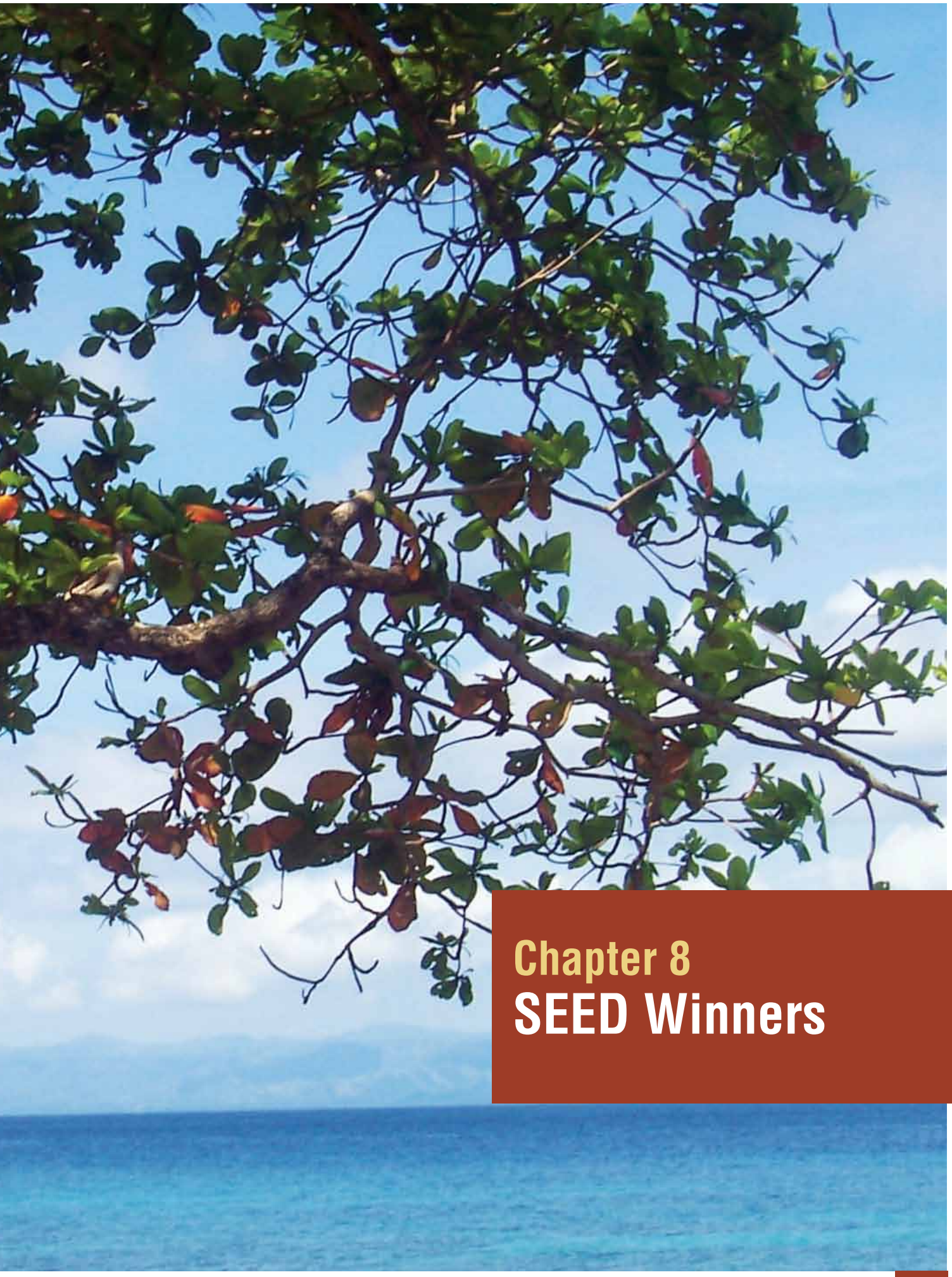


[3] *Boyer, D., Creech, H. and Paas, L. 2008. Critical Success Factors and Performance Measures for Start-up Social and Environmental Enterprises. www.seedinit.org/en/best-practices-and-policy/seed-reports.html.*

Chart 35: Internal,management challenges for the enterprise



2008 SEED Winner: Lighting Up Hope and Communities



Chapter 8
SEED Winners

Within the response group, data was obtained on those micro and small enterprises who had received a SEED award, consisting of a package of technical and partnerships assistance and support, including business planning, national and international promotion and other benefits.

It should be noted here that the SEED award is given to promising start-ups with a limited track record, but considerable potential to scale up. As such it cannot be expected that the SEED winners would necessarily differ in their progress against targets and their accomplishments from the other respondents. The aim is rather, by examining the SEED winners separately, to create a specific baseline for the SEED winners, which in addition to offering the possibility of tracking and following their progress over time, would help in assessing how far SEED's support has helped winners to grow their enterprises. The following section explores where there may be other variations between the response group as a whole and the subset of winners.

8.1 Setting of, and progress towards, social, environmental and business targets

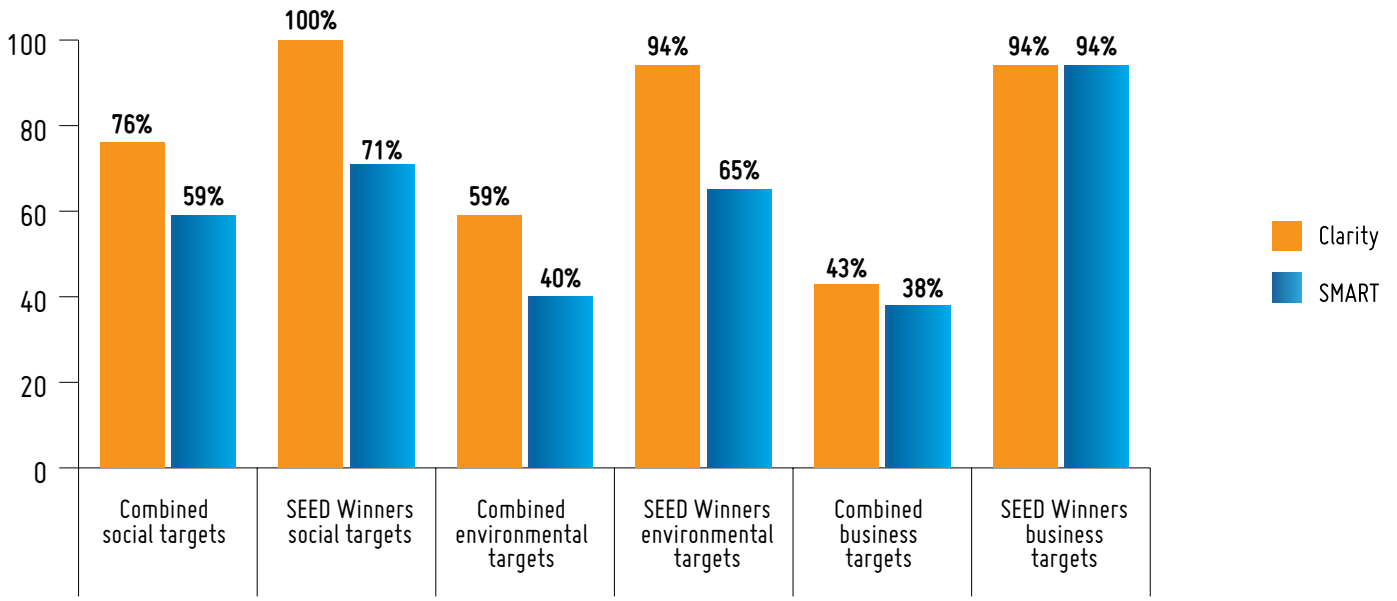
An assessment of winners' top three targets and their progress notes reveals that winners tend to be clearer about what constitutes their "triple bottom line": the differences between the social, environment and business dimensions of their work (see Chart 36).

They are more likely to set more specific, measurable and attainable targets than the response group as a whole, although, like the rest of the group, they have more difficulty with setting SMART targets for their environmental activities. They are strongest on clarity and "SMARTness" of their business targets, which may well be linked to the support that they have received from SEED to date.

As expected, there is less variation between SEED winners and the respondent group as a whole in progress on targets, although in future years of the longitudinal study it will be interesting to see whether the winners advance more quickly towards their goals. We observe, however, that on the social dimension, winners do appear to be further along in achieving stated social targets. Few indicate that they have achieved only 10% or less of their targets, compared to 35% of the response group as a whole (see Chart 37).

Progress on the environmental dimension more closely follows the full response group, and again this may be connected to the shared challenge in understanding what it is that they can more specifically monitor and measure over time (see Chart 38).

Chart 36: Performance on targets



Progress on business targets tends to be stronger than that of the full response group, with only 25% at the 10% or less of target achieved point, compared to nearly half of respondents as a whole (see Chart 39).

8.2 Planning for other social benefits

There are a few interesting variations with respect to training and other social benefits that winners plan to support in the community (see Chart 40). Winners are particularly sensitive to how their efforts improve the sense of self worth in the community. On the other hand, only a third of winners consider how their efforts might lead to improved access to basic education, compared to nearly twice as many of the full response group.

But fully 100% of the winners provide their own training and skills development as part of their enterprise. We should note here that winners also listed as their top two external barriers to success the lack of availability of skilled people in the community and the lack of access to funds for training.

Of the training provided, half of the winners group indicated that 50% or more of those being trained are women (comparable to the response group as a whole), and 38% suggested that at least half of the people they were training were youth (somewhat lower than that of the full response group).

8.3 Planning for other environmental benefits and managing impacts

Performance here roughly parallels the response group as a whole, with greatest attention being given to ecosystem management and protection of biodiversity, comparable to the response group (see Chart 41). Methods for ensuring that their enterprises do not inadvertently lead to a negative environmental impact include clean production processes and raising awareness in the community.

8.4 Other indicators of business performance

Responses to the two key questions: 1) is the manager/coordinator of the enterprise able to make a living from it, and 2) are employees or participants in the enterprise able to do so as well, parallel the response group as a whole. Only 25% of winners indicated that they were able to make a living at this point, with additional income coming primarily through grants from foundations and development assistance agencies.

Chart 37: SEED winners' progress on first social target

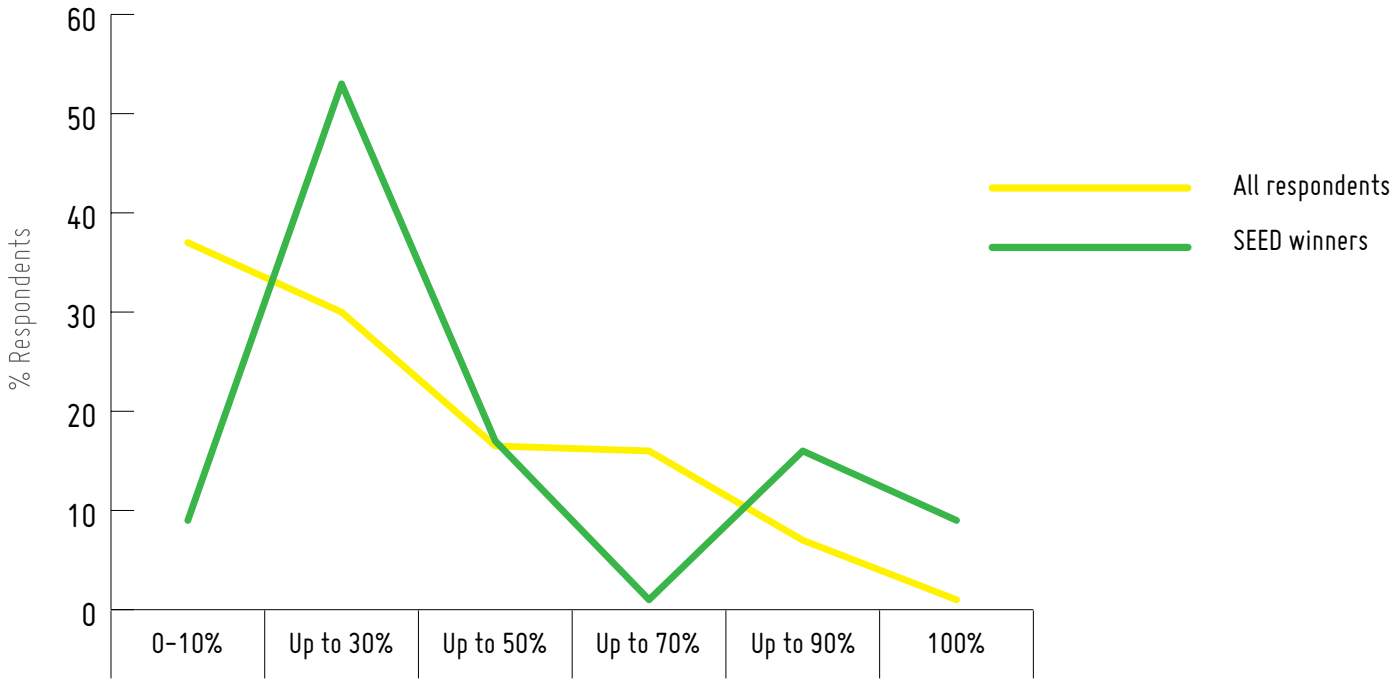


Chart 38: SEED winners' progress on first environmental target

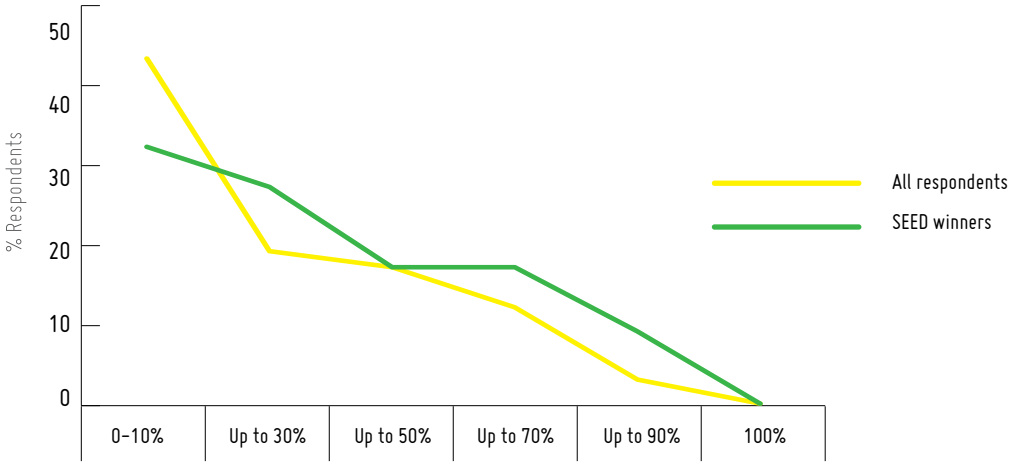


Chart 39: SEED winners' progress on first business target

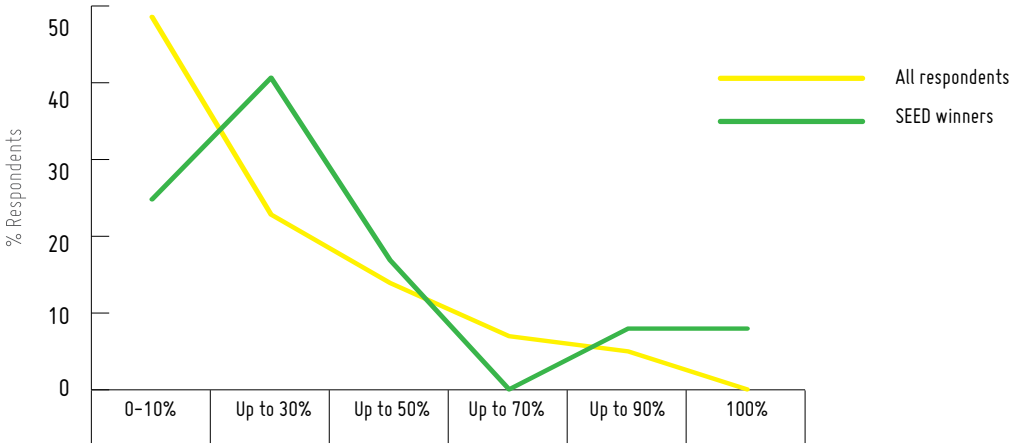


Chart 40: Planning for training, skills development and other social benefits to come to the local community

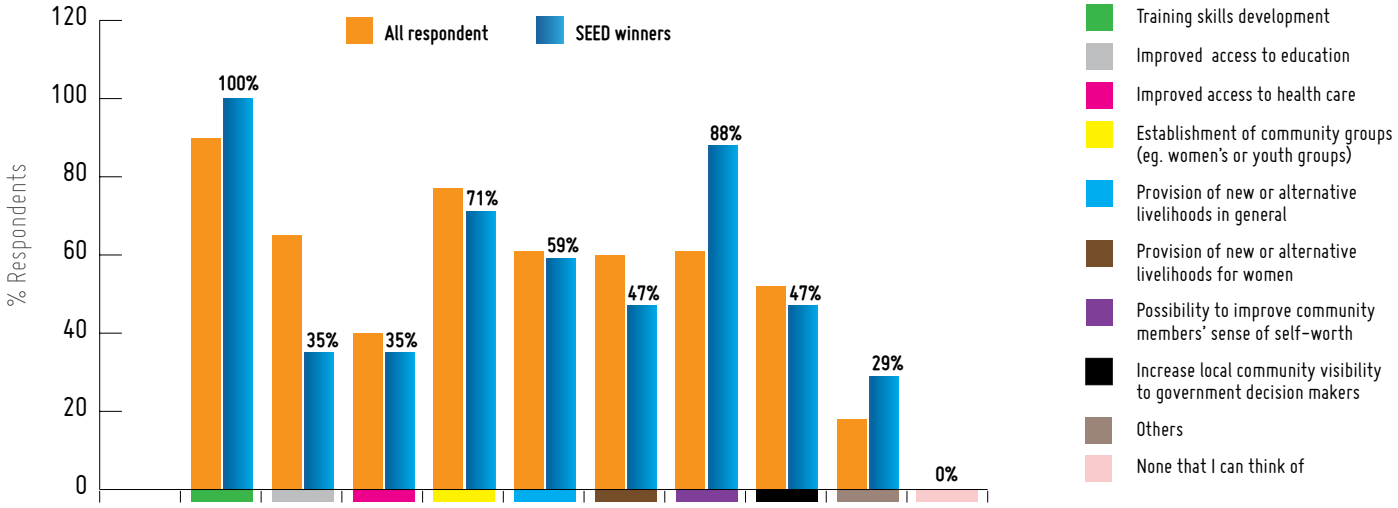


Chart 41: Planning for other environmental benefits to come from your enterprise?

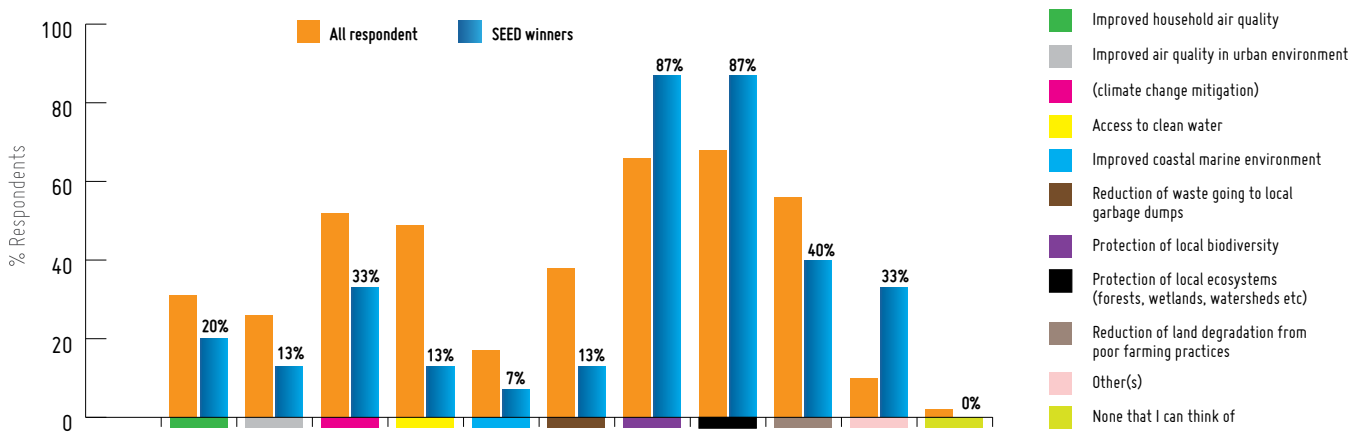
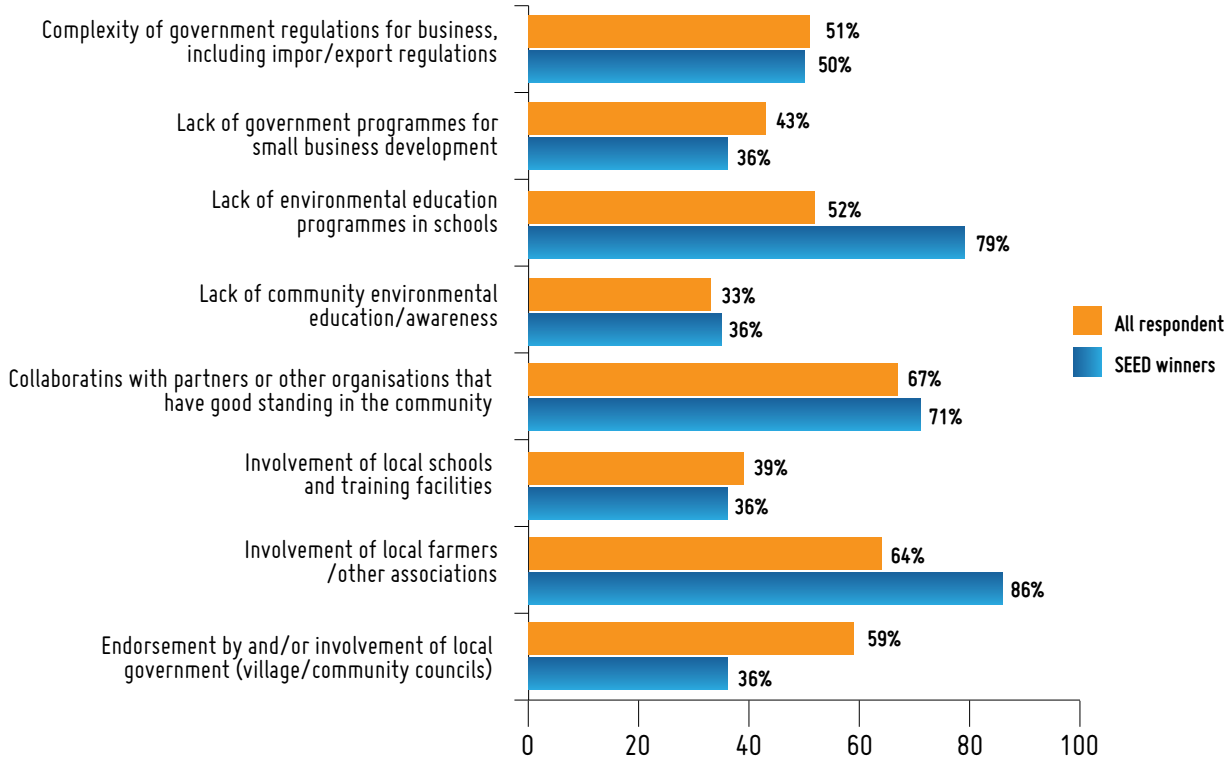


Chart 42: External, national and local enabling factors



Sixty percent indicated that employees and/or contributors were already benefitting financially, with supplemental income coming fairly equally from part time jobs, revenues from sales of products, and grants.

8.5 External, national and local enabling factors and barriers to performance

As with the respondent group as a whole, winners have found that the engagement and support of the local community and partners within that community are essential to their success. Interestingly, endorsement by national NGOs is even less important to the winners compared to the value of having the endorsement of international groups – though this may well reflect the international nature of the SEED Awards (see Chart 42). There are interesting variations on national and local barriers to performance: winners share the same top two challenges with all respondents (the lack of availability of skilled people in the community and the lack of access to funds for training) (see Chart 43). But winners are much more

Chart 43: External, national and local barriers to be overcome

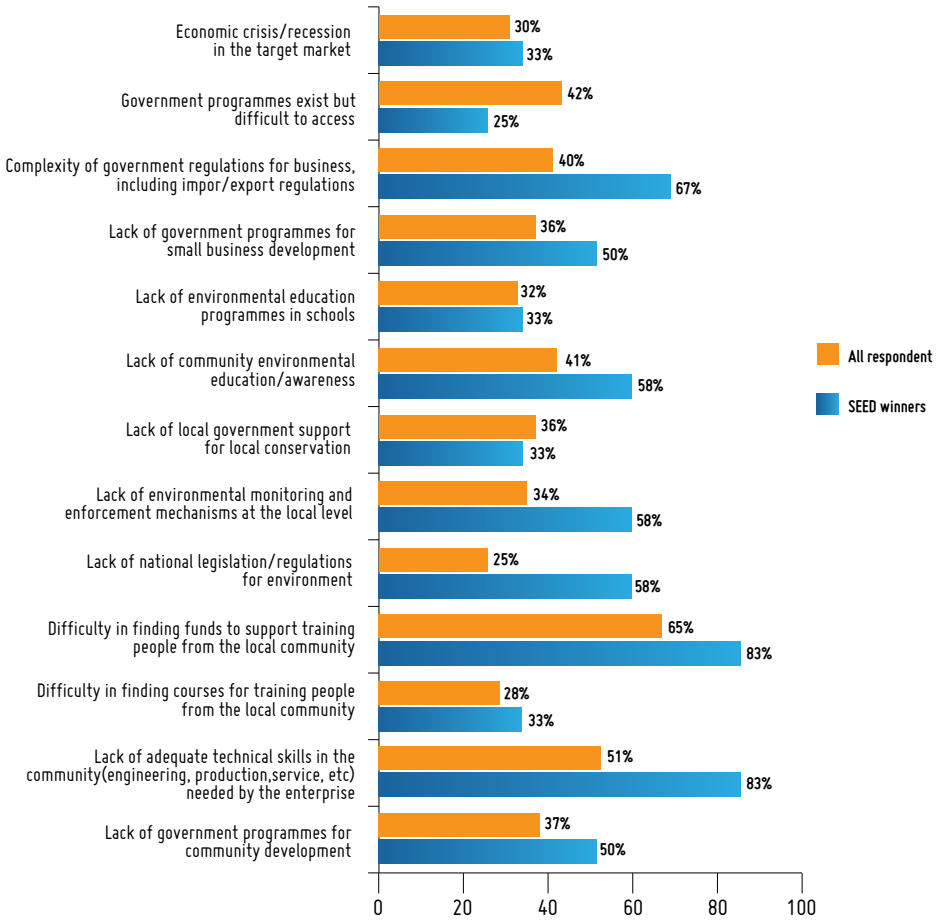
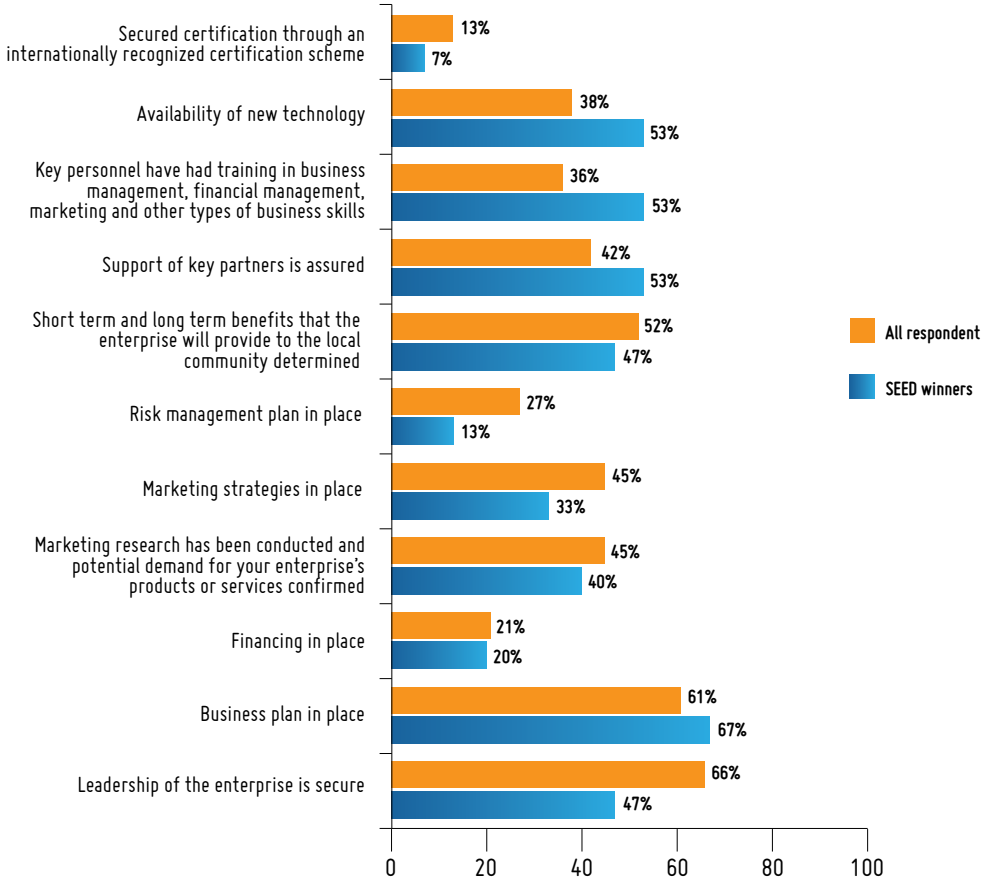
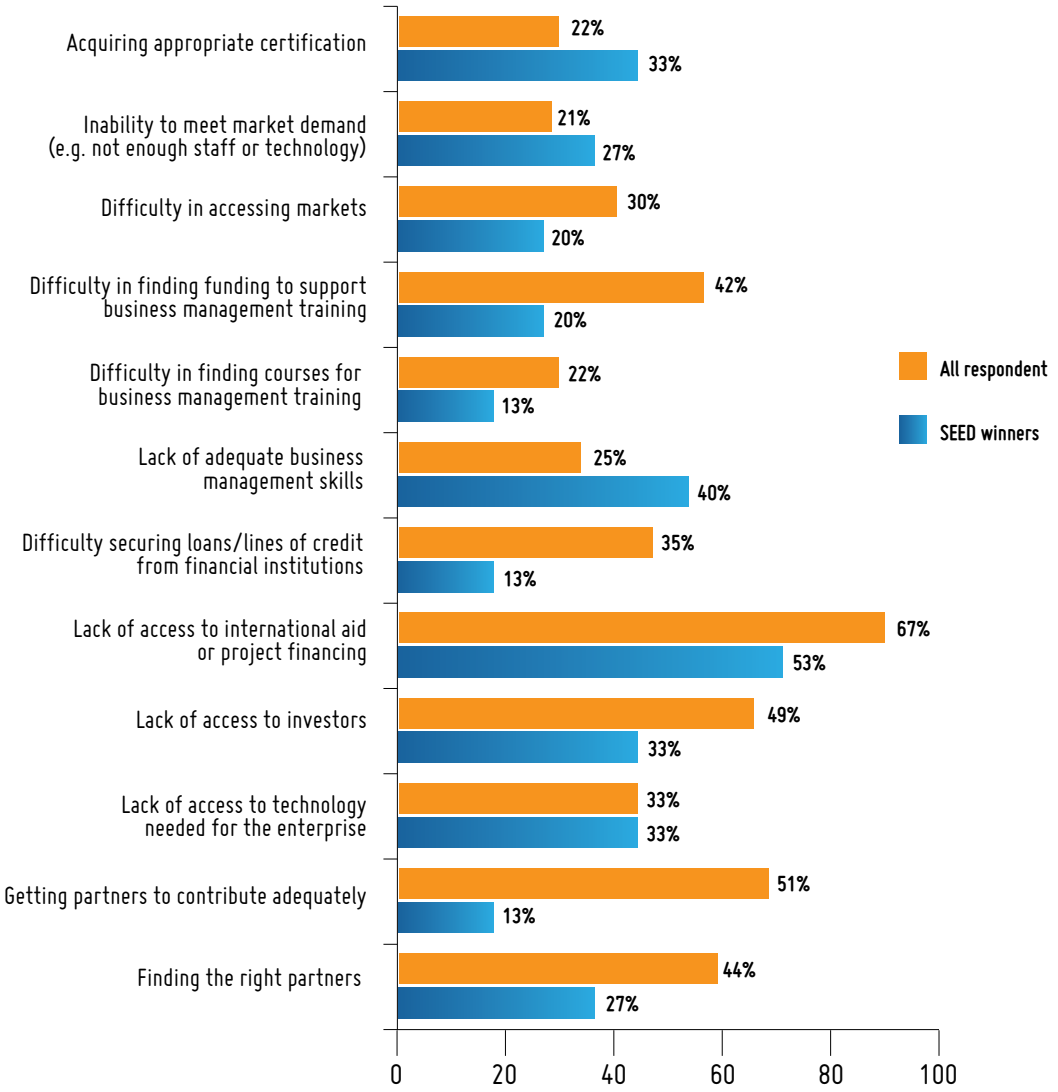


Chart 44: Internal, enabling factors within the enterprise



Respondents were least clear about their business targets, with many not differentiating between targets related to social or environmental benefits within their communities and what they and their participants/ employees needed in order to stay in operation.

Chart 45: Internal management challenges for the enterprise



concerned than the group as a whole about the complexity of government regulations for doing business (reinforcing a picture that winners have gained a stronger sense of the business dimension of their work), with nearly 70% selecting this issue, compared to 40% of the full respondent group.

8.6 Internal enabling factors and barriers to performance

With respect to the internal management of the enterprise, winners seemed to be more hesitant to claim that certain success factors were already in place (see Chart 44). As most winners have had some exposure now to SEED's work on critical success factors, it is possible that they have a deeper understanding of these issues and are more aware of what they really do need to succeed, and what they may have already in place.

With respect to internal management challenges, only half of the winners reported that lack of access to grants and development assistance was a challenge compared to two-thirds of the group as whole; however, it remains the most common barrier, compared to other internal challenges (see Chart 45). But the second most significant barrier is not having the business management skills they need, again reinforcing a picture that winners are gaining a stronger sense of the business dimension of their work, and may be evolving from a traditional donor-recipient operating model to one that is

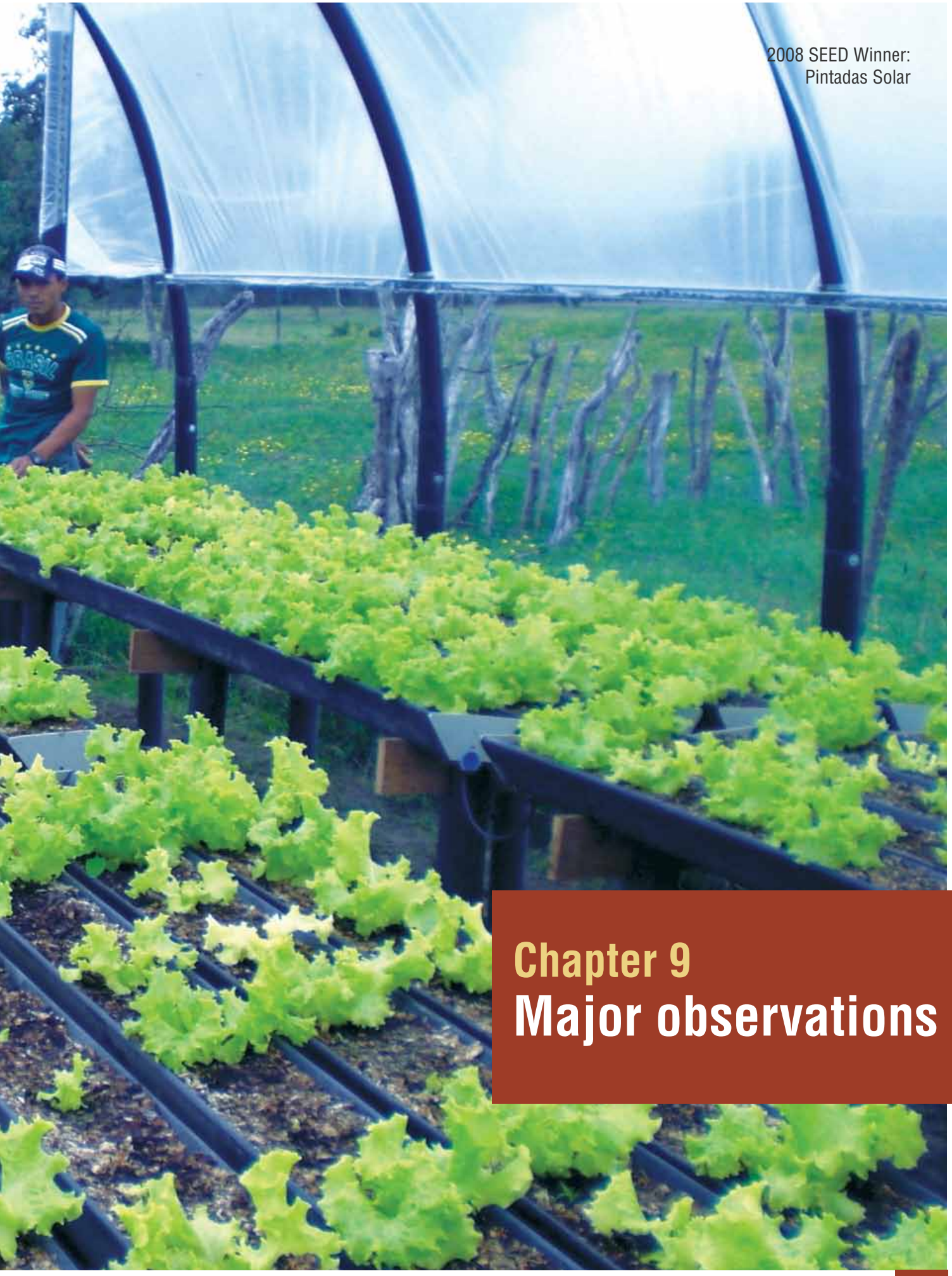
indeed more entrepreneurial. Winners appear to be much more confident in their partnership relationships, with only 13% reporting issues with getting partners to contribute to the enterprise.

8.7 Value of SEED support to the winners

The majority of SEED winners indicated that help with their business performance was useful, followed by help with securing recognition for their work as well as international support. Over the four cycles of the SEED Awards, support has increasingly moved in the direction of business-oriented skills. One winner suggested that SEED should continue to shift its emphasis to business and financing support: "[SEED's] emphasis is very much on supporting partnerships… our need has always been support in business growth and scaling", and "focus on connecting with donor finance".

2005 SEED Winner: Madagascar's first community-run marine protected area

2009 SEED Winner: One Million Cisterns



2008 SEED Winner:
Pintadas Solar

Chapter 9
Major observations

2009 SEED Winner: Lighting Sri Lanka's Future

The purpose of the survey was to investigate whether and how social and environmental enterprises that had applied for recognition and support to the SEED initiative were delivering on social, environmental and business objectives, and to set a baseline for performance against which such enterprises could be compared in future.

In particular, the investigation was designed to identify key issues where recommendations to international, national and local policy makers might be warranted on how to create or strengthen an enabling environment for such enterprises to thrive.

The following section begins with the policy relevant findings; followed by the baseline that has emerged, and concludes with a few observations for SEED about the SEED winners.

9.1 Policy relevant findings for SEED

1. There is a gap in capacity for small social and environmental enterprises to adopt more business oriented approaches for managing and financing their work.

There is little doubt from this survey that the majority of enterprises within this community of social and environmental entrepreneurs are changing the model of how to deliver sustainable development on the ground, through setting and working towards a combination of social, environmental and business targets and a recognition of the diverse range of benefits that they are delivering to their communities.

Nevertheless, only 13% of the respondents reported that their financing was in place; over half did not provide an answer to the question on whether they were making a living from their enterprise; and of those who answered "not yet", nearly half noted a dependency on grants and other types of development assistance as a source of revenue; further, over two-thirds listed lack of access to aid as a key barrier to success.

Many commented that they were uncomfortable with the use of the term enterprise, viewing themselves instead as NGOs or non-profit organizations. Respondents were least able to express clear and specific business targets, calling into question limitations in their ability to sustain their enterprises in spite of the social and environmental benefits being delivered. Of those who noted that their business plans were in place, there was a correlation with the clarity and specificity of their business targets, but there was still a gap in their need to secure investments and generate revenues.

In light of growing interest internationally in shifting to a "green economy", SEED may wish to propose that policy makers

review how social and environmental enterprises are contributing to that economy, and provide training and other means for these enterprises to build more sustainable businesses.

2. Social and environmental enterprises are investing a significant portion of their efforts in skills development and training at the local level, although the majority are not primarily training or education institutions.

Only 6% of respondents identified themselves as training or education institutions, and yet over 90% of respondents indicated that they were providing some form of training or skills development to the local communities – and over half indicated that 50 or more people in their communities were receiving training. Of all social, environmental and business benefits being conferred, this was the most significant.

When correlated to the two-thirds of respondents who indicated that they were introducing or developing new technologies and production processes to the local communities, the training burden becomes even more apparent. Further, the two leading barriers to overcome were lack of access to funds for training and lack of skilled people in the communities.

This suggests that there is an opportunity here for more attention to be paid to supporting micro and small enterprises in the development of skills at the local level.

a) *By further exploring the skills gaps at the local level and reviewing current development programmes to strengthen the skills base at the local level, in particular with respect to new technologies and production processes*

b) *By providing programmes for micro and small enterprises to improve their own capacity to deliver a range of training and skills development activities on the ground*

3. Micro and small enterprises are focused on strengthening the social structure and resilience of communities, with their social targets emphasising the creation of revenue streams for those they are working with at the local level. In progressing towards those targets, they are contributing to the alleviation of poverty in their regions.

A picture emerges from this study of an approach to poverty alleviation that embraces skills development and training, emphasizes social organization (the creation of community groups) and is combined with innovative approaches to generating alternative revenues and livelihoods, helping those they are working with to take themselves out of poverty.

4. Access to technology is an important requirement for micro and small enterprises.

Micro and small enterprises are making a significant investment in the introduction or development of new, more environmentally friendly technologies and production processes. Fully two-thirds of the respondents affirmed that they were involved in such actions, and over a third indicated that access to technology was a requirement for success.

There is scope here for SEED to explore with policy makers a more in depth review of the types of technologies and processes in demand by micro and small enterprises (and this would correlate to the skills gap research needed at the local level), in order to determine

a) *Whether good channels for information and communication about environmentally friendly technology and processes to the micro and small enterprise sector exist at national levels*

b) *Whether there are barriers to the importing or transfer of technology to micro and small enterprises for use at the local level*

This suggests opportunities for SEED to work not only with national departments of environment and development, but also with departments of industry, science and technology.

5. Micro and small enterprises consider partnerships to be one of the most significant factors in their success, but there continues to be a need to build capacity to engage and work effectively with others on the ground.

In the SWOT analysis, the highest ranked external enabling factor for respondents was the collaboration with partners or organisations that have good standing in the community, followed closely by the involvement of local associations such as farmers groups. Nearly half indicated that they had already secured the support of the key partners they needed.

And yet, over half of the respondents indicated that getting their partners to contribute adequately to the enterprise was the second most significant barrier to success (second only to the need to access aid funding).

This suggests that SEED should continue to investigate and provide support on how best to assist micro and small enterprises in this critical area of partnership management.

6. There is a gap in capacity among micro and small enterprises on how to determine and monitor more direct positive environmental outcomes of their efforts.

Respondents tended to concentrate on raising awareness of environmental issues and impacts among the local communities as a key environmental target. They were also cognizant of the need to minimize any potentially negative impacts of their work. However, while in general they expressed a clear vision for environmental improvements, they were less able to describe more specific,

2008 SEED
Winner in India

attainable environmental targets. The challenge of environmental monitoring is significant; simple tools to determine complex benefits such as improved air quality, healthier ecosystems or revitalized biodiversity do not appear to be available to micro and small enterprises.

SEED is in a position to address this challenge through UNEP, and UNEP's work at national levels on integrated environmental assessment, by promoting the need to investigate how micro and small enterprises can more accurately determine key locally relevant environmental indicators that can be monitored more specifically over the life of the enterprise.

9.2 The baseline of micro and small enterprise performance for a longitudinal study

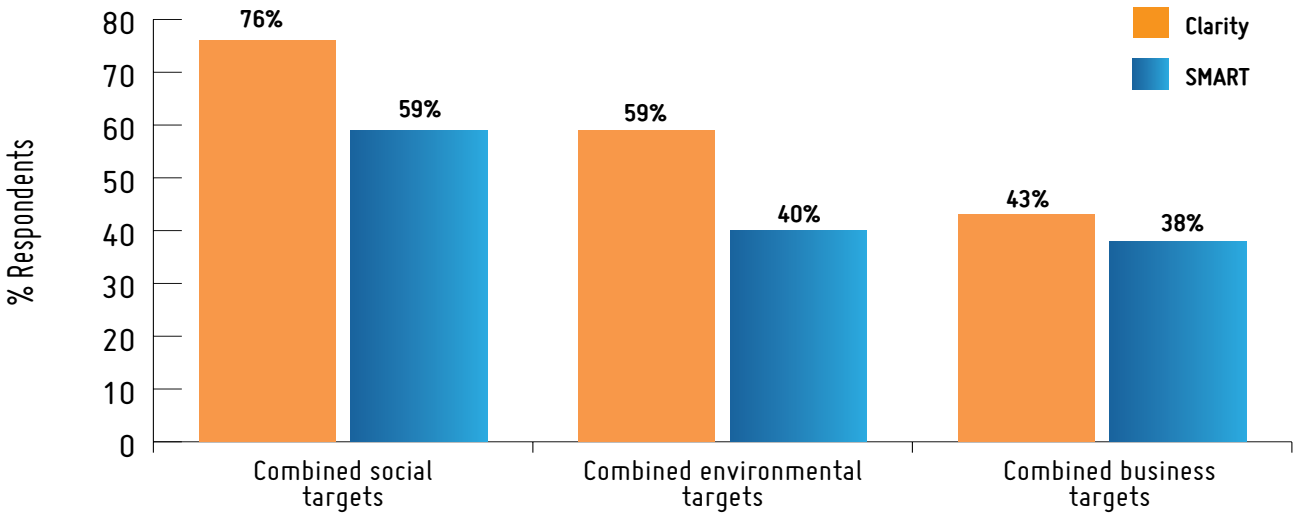
As noted in the introduction (section 1), the essence of a longitudinal study is the review of changes over time. Future surveys will review changes in the current response group, and will add data from future cohorts to see whether there are broader changes across the micro and small enterprise community that SEED reaches.

Key factors that we recommend SEED review over time are:

1. *Profile of the survey population, including in particular regional distribution, type of enterprise and maturity of enterprise: Of interest will be whether there are any changes from the current predominance of African-based micro and small enterprises and the emphasis on agricultural activities. Shifts in the maturity of the enterprises could also be monitored to see whether those that have been operating for up to 10 years are still only achieving 20% or less for all long term targets. Greater clarity on those enterprises that are primarily urban-based compared to those in rural areas could be sought.*

2. *The setting of and progress towards a primary social, environmental and business target, including strengthening of clarity between these three dimensions of the "Triple Bottom Line", increased specificity, measurability and attainability*

Chart 47: 2009 performance on the setting targets



of the targets, and percentage of targets reached at the time of the survey, across all regions. The key data from 2009 will be the percentages achieved for "clarity" and for "smart" attributes of targets, combined for all regions (see Chart 47) as well as disaggregated for each region.

3. *Planning for other social benefits: The checklist of other benefits could be expanded to track the following against the percentages established this year.(Table 1)*

4. *Investment in and progress on training and skills development: Increases in numbers of community members benefitting from training, as well as percentages of those who are women or youth, could be tracked and a checklist of types of training monitored.*

5. *Planning for other environmental benefits could be combined with planning for managing environmental impacts.(Table 2)*

6. *The introduction or development of new, more environmentally friendly technologies or production practices could be tracked, based on a checklist of types of technology identified in the comments in the 2009/10 survey. (Table 3)*

7. *At present, only 19% of the survey respondents indicate that they are making a living from their enterprise, although twice as many (38%) indicated that employees or participants in the enterprise are benefitting financially. Changes against these basic indicators could be monitored, as could changes in alternative sources of revenue that supplement livelihoods, including whether current dependence on development assistance grants changes from its current level of over 40%.*

8. *Changes in the SWOT analysis*

The following might serve as the baseline for future SWOT analyses of micro and small enterprises (see Tables 8a,8b,8c,8d).

9.3 Observations on the SEED winners group

A comparison of the SEED winners' survey results to the respondent group as whole suggests that the winners have strengths and capacities that set them somewhat apart from other respondents, which may be attributable both to their own potential as "promising, locally driven, start-up enterprises" and to the support that they have received to date from SEED.

They are clearer about what constitutes the social, environmental and business dimensions of their work (their "triple bottom line"), and they are more likely to set more specific, measurable and attainable targets across all three dimensions. Progress on their social and business targets is somewhat stronger than the respondents as a whole.

Table 1

Planning for other social benefits: The checklist of other benefits could be expanded to track the following against the percentages established this year:	
Establishment of community groups (e.g. women's or youth groups)	74%
Possibility to improve community members' sense of self-worth	65%
Provision of new or alternative livelihoods in general	62%
Improved access to education	61%
Provision of new or alternative livelihoods for women	60%
Increase local community visibility to government decision makers	52%
Improved access to health care	42%
Increased influence on national policy	4%
Increase international visibility, recognition for the community	2%
Strengthening recognition of rights, responsibilities; improving relations with national government	2%
Strengthening capacity for local governance, community participation	2%
Protection of local cultures, languages	1%
Provision of basic services (water, energy)	5%

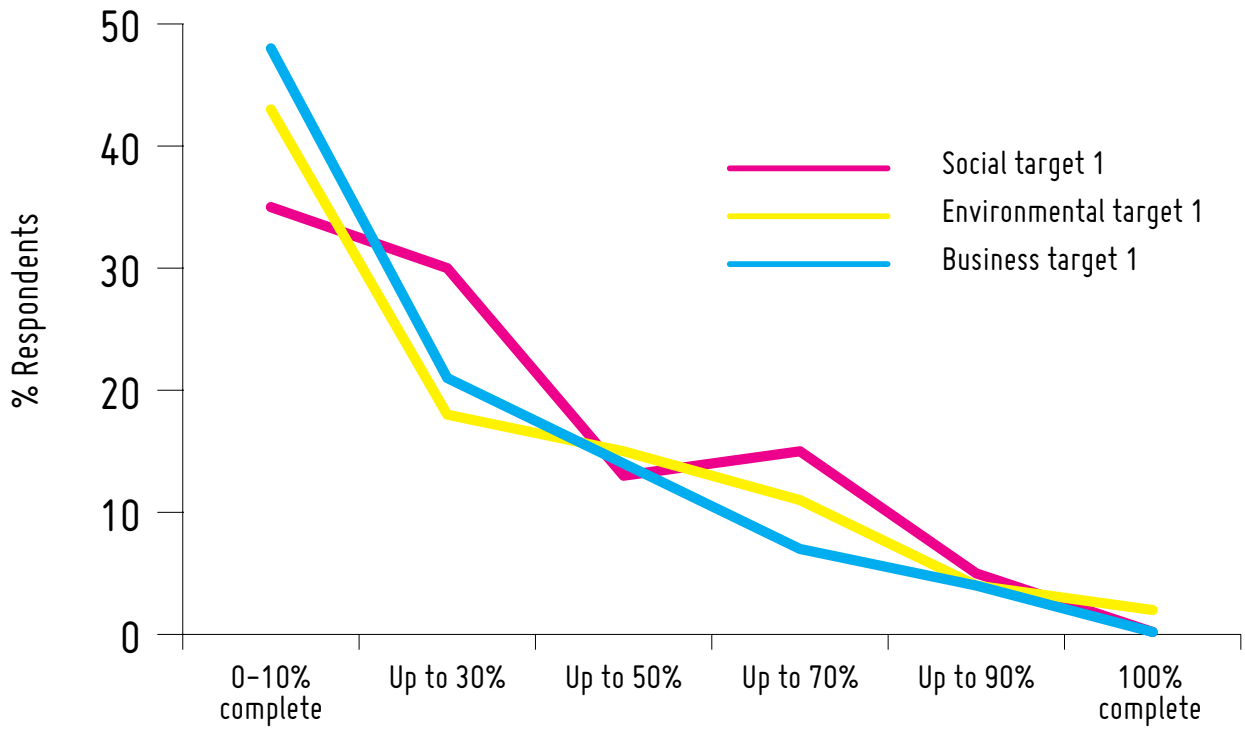
Table 2

Planning for other environmental benefits could be combined with planning for managing environmental impacts:	
Managing impacts through community environmental education and awareness raising	84%
Protection of local ecosystems (forests, wetlands, watersheds etc.)	68%
Protection of local biodiversity	67%
Reduction of land degradation from poor farming practices	56%
Reduction of carbon dioxide emissions (climate change mitigation)	51%
Access to clean water	48%
Reduction of waste going to local garbage dumps	35%
Improved household air quality	31%
Improved air quality in urban environment	24%
Improved coastal marine environment	15%
Creation of urban green spaces	Not calculated in 2009
Managing impacts by setting codes of practice, rules and following established principles	Not calculated in 2009
Managing impacts through establishing relationships with technical and research partners	Not calculated in 2009

Table 3

The introduction or development of new, more environmentally friendly technologies or production practices could be tracked, based on a checklist of types of technology identified in the comments in the 2009/10 survey.	
Agriculture: includes new cultivation and propagation processes, including domestication of wild species; animal husbandry; irrigation; fertilisation; etc.	35%
Processes such as certification schemes and community bylaws, new planning and financing approaches	22%
Energy: includes biogas, solar, wind	13%
Manufacturing: includes food and textile processing and production	9%
Household energy, sanitation and water supply	8%
Information and communication technologies	8%

Chart 48: Progress on primary targets



They share with other respondents an emphasis on planning for the delivery of skills development, and on building a sense of self worth and structure within their communities. They are slightly more conservative than the respondents group as a whole in claiming a wide range of environmental benefits being achieved, tending to focus primarily on two major areas of intervention: the protection of local ecosystems and the protection of local biodiversity.

There may be two reasons behind what appears to be a more focused triple bottom line performance by the winners:

- *The winners had significant potential to begin with and have been well chosen by SEED for recognition and reward*
- *The support provided by SEED has further strengthened existing potential and capacity.*

The winners noted that the help provided by SEED with business performance, international and national recognition and support, and with securing financing was of greatest importance to them.

9.4 A final note

With this baseline in place, future surveys of the SEED community, both applicants and winners, may strengthen an understanding of the contribution that these social and environmental enterprises are making to the emergence of green economies at the local level.

The ability to set targets, and reporting of progress against those targets, together with the delivery of other social, environmental and economic benefits can now be monitored over time to see what changes are taking place, and whether external policies and supporting mechanisms, and internal management factors are being addressed and contributing to the success of these enterprises.

The following might serve as the baseline for future SWOT analyses of micro and small enterprises

8a. External national, local enabling factors

Collaboration with partners or other organisations that have good standing in the community	40%
Involvement of local farmers / other associations	38%
Endorsement by and/or involvement of local government (village / community councils)	35%
Significant recognition from the local community of the need for environmental protection/restoration	31%
Endorsement by and/or involvement of international organisations	31%
Endorsement by and/or involvement of national organisations	26%
Involvement of local schools and training facilities	24%
National or state/provincial environment/conservation/species protection legislation exists	20%
Involvement of university or other research institutions as partners	Not calculated in 2009
Government supportive of small business, including clear rules and regulations	Not calculated in 2009
Media interest	Not calculated in 2009

8b. External national and local barriers

Difficulty in finding funding to support training people from the local community	65%
Lack of adequate technical skills in the community (engineering, production, service, etc.) needed by the enterprise	51%
Government programmes exist but difficult to access	42%
Lack of community environmental education/awareness	41%
Complexity of government regulations for business, including import/export regulations	40%
Lack of government programmes for community development	37%
Lack of local government support for local conservation	36%
Lack of government programmes for small business development	36%
Lack of environmental monitoring and enforcement mechanisms at the local level	34%
Lack of environmental education programmes in schools	32%
Economic crisis/recession in the target market	30%
Difficulty in finding courses for training people from the local community	28%
Lack of national legislation/regulations for environment	25%
Civil unrest, political instability and conflict	Not calculated in 2009
Corruption in government and business community	Not calculated in 2009

8c. Internal success and enabling factors

Leadership of the enterprise is secure	66%
Business plan in place	61%
Both short term and longer term benefits that the enterprise will provide to the local community have been determined	52%
Marketing research has been conducted and potential demand for your enterprise's products or services confirmed	45%
Marketing strategies in place	45%
Support of the key partners that you need has been secured	42%
Availability of new, more environmentally friendly technology	38%
Key personnel have had training in business management, financial management, marketing and other types of business skills	36%
Risk management plan in place	27%
Financing in place	21%
Secured certification through an internationally recognized certification scheme	13%

8d. Internal enterprise management challenges	
Lack of access to international aid or project financing	67%
Getting partners to contribute adequately	51%
Lack of access to investors	49%
Finding the right partners	44%
Difficulty in finding funding to support business management training	42%
Difficulty securing loans/lines of credit from financial institutions	35%
Lack of access to technology needed for the enterprise	33%
Difficulty in accessing markets	30%
Lack of adequate business management skills	25%
Difficulty in finding courses for business management training	22%
Acquiring appropriate certification	22%
Inability to meet market demand (e.g. not enough staff or technology)	21%
Lack of skills in community environmental awareness raising	Not calculated in 2009
Changes in founding member(s) of the enterprise	Not calculated in 2009

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