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SME BUSINESS TRAINING AND COACHING LOOP

HANDBOOK



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Global Programme “Green Innovation Centres for the Agriculture and Food Sector”

Competence Center Private Sector Development

Friedrich-Ebert-Allee 36
53113 Bonn
T +49 228 44 60-0
F +49 228 44 60-17

E info@giz.de
I www.giz.de

Authors:
Ralf Barthelmes, Kay Grulich, Ralf Arning, Anna Wanetschek in collaboration with
Alphonso S.O. Campbell, Samson Moura Kougbadi, Aloupea Nossa Ahoussa
Chris Reichert, Verni Vijayarajah and Sebastian Reichert

Editing and Layout:
Gloria Stratmann

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Bonn, April 2019

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LIST OF ABBREVIATIONS AND ACRONYMS

AgBAIT	Agricultural Business Analysis and Investment Training
BDS	Business Development Services
BIP	Business Improvement Plan
CEFE	Competency Based Economies Formation of Enterprise
EMPRETEC	Spanish acronym for emprendedores (entrepreneurs) y tecnologia (technology), integrated capacity-building programme of UNCTAD that promotes the creation of sustainable support structures that help promising entrepreneurs build innovative and internationally competitive small and medium sized enterprises
EPP	Employment Promotion Programme (GIZ)
GIZ	Deutsche Gesellschaft für Internationale Zusammenarbeit GmbH
GIAE	Grüne Innovationszentren in der Agrar- und Ernährungswirtschaft
GIC	Green Innovation Centres for the Agriculture and Food Sector
ICT	Information and communications technology
ILO	International Labour Office
M&E	Monitoring and Evaluation
MoU	Memorandum of Understanding
MSME	Micro, small and medium enterprises
ToT	Training of Trainers
ToC	Training of Coaches
SIYB	Start and improve your business
SME	Small and medium sized enterprises
UNCTAD	United Nations Conference on Trade and Development

FOREWORD

Worldwide, but in particular in rural areas of the global south, poverty remains the major concern. One key strategy to combat hunger and poverty is creating new jobs and promoting decent employment. Small and medium-sized enterprises (SMEs) play an important role in job creation and form the majority of all enterprises in almost all countries worldwide. SMEs are involved to a considerable extent in socio-economic and technical innovations. They provide a large proportion of jobs, and contribute to social stability, economy wide dynamism, innovation and economic growth. In addition, SMEs play a considerable role in training young people and acting as a seedbed for the development of entrepreneurial talent.

As part of our globalised and liberalised economy, growth-oriented SMEs are under increasing competitive pressure. In addition to hindering framework conditions, many SMEs in the global south emerge in large informal economies often accompanied by a lack of entrepreneurial prerequisites to take advantage of the opportunities that are offered to them by the dynamics in the markets.

As GIZ, we are pursuing the approach of promoting the potentials of companies in a context-specific manner. We support approaches and institutions that help SMEs to thrive in a sustainable and inclusive way. Further, we define employment promotion as an integrated approach, using tailor-made measures in order to systematically tackle unemployment and underemployment. For this we foster the promotion of employment opportunities within the private sector, we strengthen the employability of those seeking a job and we support the matchmaking between the companies and job seekers. Ideally, this is integrated into policy advice to enhance the framework conditions for job creation.

In this context, the Small and Medium Enterprises Business Training and Coaching Loop (SME Loop) represents one strategic and promising building block of the integrated approach, boosting the demand for labour qualitatively and quantitatively. By combining business training and individual coaching the SME Loop supports various growth paths of SMEs. Thereby the support is customised to suit the needs and requirements of the individual enterprises. The SME Loop is suitable for formal and informal enterprises, literate and illiterate business owners and cover all sectors of the local economy. Thus, productive employment opportunities are created, in particular for young people in rural areas. The SME Loop's key value is to boost the local economy, to foster inclusive structural change and to create economic perspectives particularly for the growing young generation.

With the following handbook, we offer a guidance to projects and institutions interested in introducing the SME Loop. The handbook encompasses all essential steps and background information to get started.

We hope your reading experience will be informative and stimulating, and we are looking forward to get feedback from your own SME Loop experience!

Dr. Sonja Kurz
*Head of the competence center
 "Economic policy and private sector promotion" - GIZ*



CHAPTER 1

INTRO- DUCTION

1. INTRODUCTION

Small and medium sized enterprises (SMEs) play a crucial role in the economic and social development of many countries. SMEs are involved to a significant degree in economic and technical innovations; they provide a large share of jobs, pay a high share of taxes and contribute to social stability, economic dynamism and national economic growth.

Yet again, SMEs are often unable to fulfil their role in society and the national economy adequately. Unfavourable business environments impede business start-ups, investment and growth. Entrepreneurial skills are often lacking. Promotional measures run by the state or by chambers and associations frequently take insufficient account of the diverse business community needs.

Various approaches for training entrepreneurs are already existent – so why do we need yet another tool? We are convinced that the SME Business Training and Coaching Loop (SME Loop) is unique because it offers a combination of assets that lead to fast visible results for the benefit of the entrepreneur, its employees and the society the enterprise is acting in:

- Individual assessment of the enterprise and the entrepreneur: Refining the content to the needs and potentials of the enterprises
- Systemized alternation between training, coaching and peer-to-peer learning: Bringing the entrepreneurs into active utilization of knowledge and experience
- Individual business coaching (centrepiece of the SME Loop): Integrating training contents into daily business life, leading to a higher uptake of the lessons learned. Working on personal challenges and the individual entrepreneurial development path with support by the coach.
- Financial literacy and access to finance closely incorporated into the entire Loop
- Exercises and templates: Flexible adaption of the SME Loop to the context and realities in each country. Allowing a strong adaptation of the content to the needs of each participant, creating high motivation and involvement.

We invite you to experience the SME Loop and to make it your tool for SME development.

1.1. History of the SME Loop

The SME Loop was developed in 2014 in Sierra Leone after thoughtful reflections by the two GIZ advisors¹ of the GIZ-supported programme “**Youth employment promotion through agricultural development (EPP)**“. It addresses three of the most important challenges facing SMEs in Sierra Leone:

- Inadequate business knowledge and management skills
- Lack of change and development bringing guidance and practical steps that could bring about change and development
- Insufficient financial resources to grow businesses respectively

In 2015, the approach was transferred to Benin within the context of the Special Initiative “ONE WORLD – No Hunger” and its programme “Green Innovation Centres for the Agriculture and Food Sector (GIAE)”. Here, the SME Loop is applied at a scale with more than 1.500 SMEs in 17 communities finishing the SME Loop successfully. Since the early success in implementation and promising results in Benin and Sierra Leone, the rollout of the SME Loop accelerated and implementation succeeded in Burkina Faso, Ghana, Malawi, Mali, Nigeria and Togo.

¹ Kay Grulich (International Advisor) and Alphonso Campbell (National Advisor)

1.2. About this Handbook

This handbook provides in a systematic manner a description of the SME Loop. It guides through the most important steps for the SME Loop utilisation as a tool to support employment promotion by increasing the competitiveness of SMEs.

We address and encourage:

- Programme managers aiming to run or support a proven tool at enterprise level
- Providers of Business Development Services (BDS) seeking to increase their service offers
- Public and private SMEs support agencies searching for an approach to systematically enhance the competitiveness of SMEs

1.3. How to use this Handbook

The structure of this handbook closely follows the process of planning, preparation, implementation and follow-up of the SME-Loop:

1 DEFINE YOUR SME LOOP

Before implementing the SME Loop, the setting of boundaries for the endeavour is required: Determine and clarify your financial and human resources as well as your programme demands. Proceed to define the objective and target group. The SME Loop implementation requires service providers and, if applicable, adequate partners: Analyse your institutional environment for potential cooperation with appropriate organisations.

2 LET'S GET STARTED

Here, we are stepping up to the hands-on preparation of the SME Loop: cooperation with partners, selecting service providers, identifying and pre-selecting entrepreneur candidates as well as the process scheduling.

3 SME LOOP IMPLEMENTATION STEP BY STEP

This stage starts with the assessment and (final) selection of pre-selected entrepreneurs. Two trainings of three days will take place, each followed by a coaching. The Graduation Ceremony will conclude the SME Loop.

4 MEASURE, LEARN AND SHARE

The SME Loop implementation and its impacts have to be measured and integrated into the programme framework. This requires an appropriate M&E set-up and, as far as GIZ's global initiatives are concerned, the feeding of data into the central information system. The SME Loop is conceived as a learning process for all involved parties. It provides lessons that can help improving its implementation and impact. Success stories and lessons learnt should be shared within the country and within (German) development cooperation to inspire others.

While working on your own programme, you can use the different chapters one by one. However, the topics are sometimes overlapping or repetitive. To avoid this, references are given to indicate where further; and more detailed information on a specific topic can be found.

MINIMUM QUALITY STANDARD – MQS

Referring to the respective topics, you will find these green boxes throughout the handbook. In order to improve the standardisation of the SME Loop processes, minimum standards, defined as details and characteristics, are proposed. Please use the MQS as a supporting tool. They can help you handling complex processes and assure a reasonable quality of the SME Loop introduction and implementation as well as systematic quality management. Also, being rolled out in an increasing number of projects and countries, the MQS support ensuring an identity and brand of the SME Loop.

Annexe 2 provides the MQS.

MQS

We are very interested in your feedbacks and comments (please address your feedback to ralf.barthelmes@giz.de) to further enhance the quality of the SME Loop and to increase its outreach and impact. The SME Loop is only as successful as its participants. For this reason, we would like to introduce you to some entrepreneurs, who have already completed the SME Loop course, throughout the handbook. Starting with:

PRACTICAL INSIGHT

MODESTE DAYATO

POULTRY FARMER

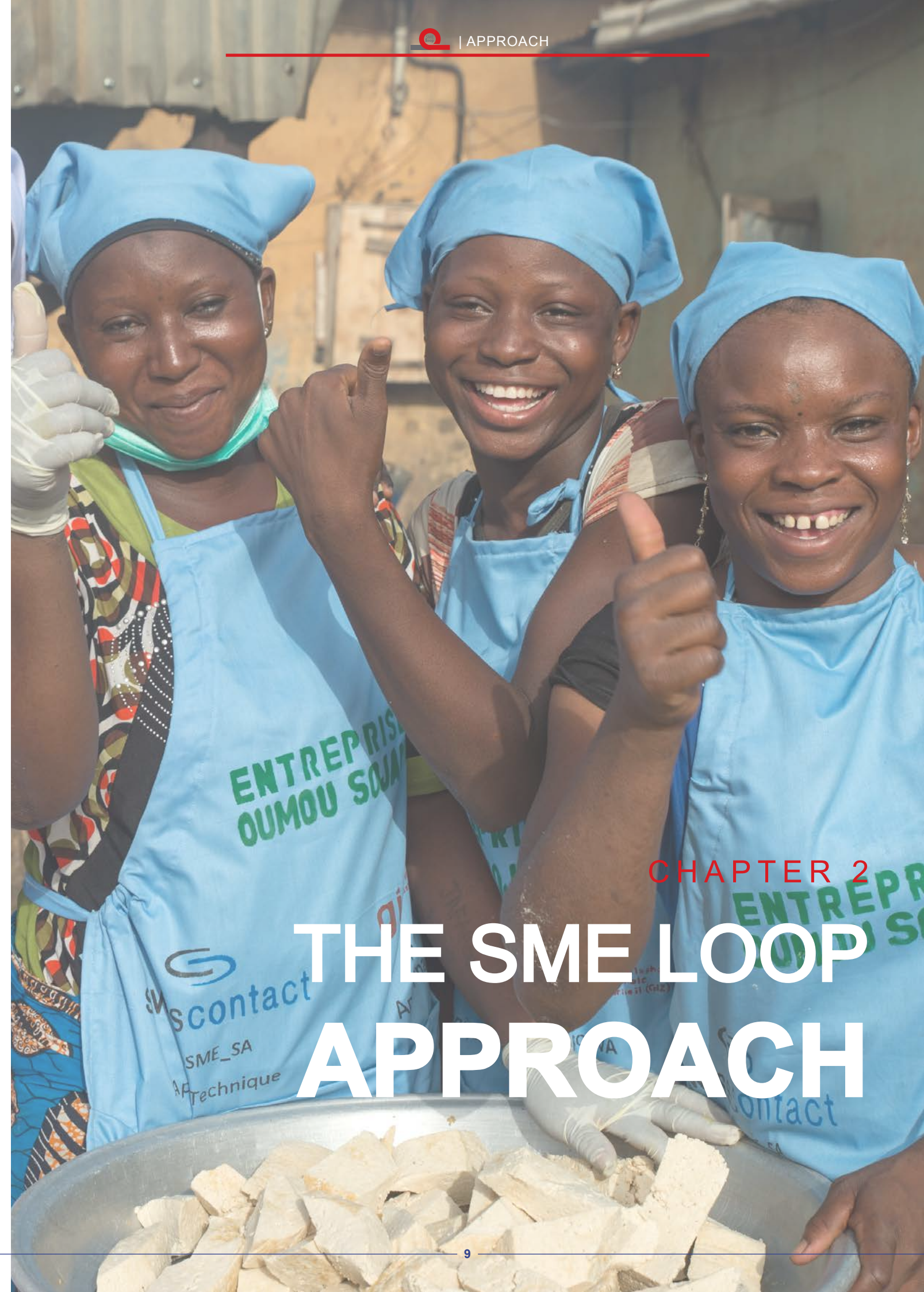
January to July 2016

Village of Kahounhouagon | Community of Zogbodomey | Benin

"I highly appreciate the SME Loop as it takes into account my individual needs and helps me to apply what I have learned during the training. Furthermore, I got to know other entrepreneurs in the training with whom I am still in contact and discuss experiences and difficulties."



Modeste Dayato, poultry farmer in the community of Zogbodomey in Benin, likes the SME Business Training and Coaching Loop as it is adaptable to take into account his individual needs.

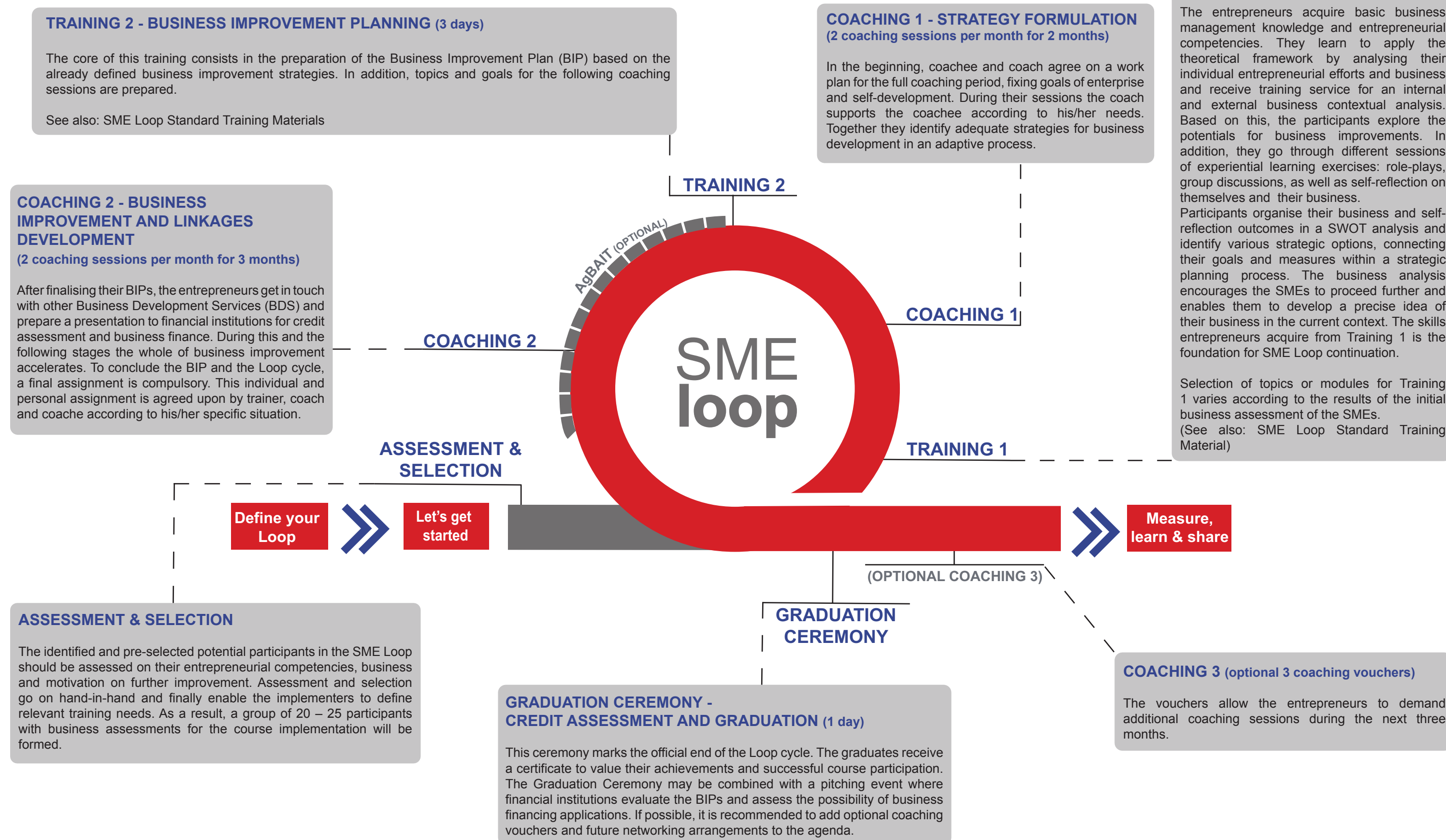


CHAPTER 2

THE SME LOOP APPROACH

2. THE SME LOOP APPROACH

The SME Loop consists of seven phases that are based on each other. The time span for the implementation of one entire SME Loop process amounts to six months (excluding the preparatory time).



ACCESS TO FINANCE is one of the most important aspects to successfully run a business. But it is not only about choosing the best financial product. It starts much earlier. The SME Loop is addressing financial management and access to finance throughout the entire loop cycle:

- **Preparation of the SME Loop:** contact to financial institutions shall be made to inform them about the programme and to arouse their interest for an early involvement.
- **Assessment of pre-selected enterprises:** financial competencies are part of the aspects that decide if an entrepreneur will participate in the SME Loop. Entrepreneurs with basic understanding on financial issues and a good potential to make best use of additional financial means are preferred.
- **Training and Coaching:** directly or indirectly by increasing financial skills and critical knowledge on financial services and thus opening up the opportunities for a responsible access to finance.
 - **Training 1:** SMEs analyse their business on financial management (Module 13)
 - **Training 2:** SMEs prepare their BIPs and assess their financial requirements and various sources of business financing options (Sources of Business Financing Module 8) Working Capital Management (Module 9), Break-even Point Analysis (Module 10), Cashflow Forecast (Module 11), and Financial Analysis on the Forecasts (Module 12).
 - **Coaching 2:** helps SMEs to explore further short and medium-term business financing options. Some of them are picked for the viability test and BIPs presentation for business financing.
 - **Coaching 2 – Final assignment:** This is the culmination of the Loop cycle where the participants apply acquired skills to push their business forward. Often the final assignment focusses on a financial project such as the acquisition of a loan or is closely related to financial issues, for example the pitching of a new business idea based on a solid financial calculation..
 - **Graduation Ceremony:** Presentation of the BIPs to various financial institutions and companies for a performance test to justify their financing requirements.
 - **Coaching 3 (optional):** The most important topics of the training modules are taken up so that the entrepreneurs gradually integrate them in their daily business:
 - Imparting specific knowledge and practical application of business skills that are favourable regarding an access to finance, such as Business Planning, SWOT analysis, negotiation skills.
 - Supporting financial decisions prepared and assessed by the entrepreneurs
 - Facilitating the contact and exchange with local financial institutions, encouraging Peer-to-Peer discussions on experiences with different types of financing.

- - - - - AGBAIT (OPTIONAL) - - - - -

AGRICULTURAL BUSINESS ANALYSIS AND INVESTMENT TRAINING (AGBAIT) FOR SME LOOP PARTICIPANTS

Global Project: Promotion of agricultural finance for agri-based enterprises in rural areas

AgBAIT is a training module for advanced entrepreneurs of the agricultural and agri-business sector, developed by the Global Project “Promotion of agricultural finance for agri-based enterprises in rural areas” (GV AgFin).

The training enhances the participants’ economic business analysis skills with a holistic view of all their enterprise’s activities. It provides them with the knowledge to take informed investment decisions to develop their business. Further, AgBAIT supports participants in assessing and choosing the best financing option for their enterprise and offer the opportunity to present their investment plan to partner financial institutions. Financial institutions play an active role at different stages of the training.

GV AgFin promotes AgBAIT as one element of a comprehensive approach that provides support to both agri-based entrepreneurs and financial institutions.

A key tool of AgBAIT is an innovative Excel-based tool, which supports participants in their business analysis and investment planning. For those participants who do not have access to a computer, a paper-based version of the training is also available.

TARGET GROUP

AgBAIT addresses emergent and market-oriented entrepreneurs along agricultural value chains. Many participants have successfully completed previous trainings such as Farmer Business School or SME Business Loop, during which they acquired basic business skills. To ensure that participants are well suited for the AgBAIT training, they need to meet the following criteria:

- Running an emerging farm or agri-based enterprise (no start-up) applying basic management skills
- Fully literate (reading and writing)
- Basic computer skills, i.e. data entry in Microsoft Excel, and preferably access to an own or borrowed computer
- Basic records and/or the capacity to reproduce all relevant financial data of all business activities and household expenses
- Having a realistic investment idea based on thorough market analysis
- Basic understanding of economic concepts such as gross-margin, cash flow, fixed and variable costs
- Fulfilling general criteria by local financial institutions to assess a possible loan (e.g. own capital, bank account, previous loan history)
- Motivation to dedicate time and effort for the training

LEARNING OBJECTIVES

After participating in AgBAIT, participants will have acquired the following knowledge and skills:

- **Business analysis:** participants are able to conduct a detailed (financial) business analysis to assess the productivity, cash flow and profitability of their enterprise
- **Investment planning:** participants have elaborated their own investment plan with a forecast of profitability, cash flow and financing needs
- **Financial skills:** participants know about different financing options and are able to choose the most suitable one
- **Communication skills:** participants have practiced to present themselves and their enterprises to financial institutions
- **Networking skills:** participants strengthen their business network through interaction with other participants, financial institutions and trainers



TRAINING CONTENT

Originally, AgBAIT is a four to five days training course, implemented either in one block, i.e. five days in one week, or split into two blocks of two to three days each with approximately two weeks break in between.

For the adaptation of AgBAIT as an optional module within the SME Business Loop, implemented by GV AgFin, it can be structured as illustrated in **Annexe 4**. Yet, the implementation can be adjusted according to the country specifics.

If only a small number of SME Business Loop cycles (1-3) is run in one region at a time, the number of participants interested and qualified for AgBAIT may be limited. In this case it may be better to implement AgBAIT as a stand-alone training for SME Loop graduates.

CURRENT STATE OF IMPLEMENTATION

GV AgFin piloted AgBAIT in Benin and Zambia and conducted Training of Trainers (ToTs). The rollout of AgBAIT began with a number of trainings taking place in both countries, soon to be followed by the extension to Mali, Cameroun and Nigeria. The training material is available in English and French language. For an extension to other countries, it will be necessary to schedule AgBAIT ToTs (for example, for SME Loop Coaches) and to adjust case studies to the respective country.

For more information on AgBAIT please contact the GV AgFin: gert.reinberger@giz.de

Annexe 3 provides an example of AgBAIT content as an optional module within the SME Loop.



CHAPTER 3

DEFINE YOUR SME LOOP

3. DEFINE YOUR SME LOOP

STRATEGIC PLANNING AND DECISION-MAKING

In this first step, the implementing organisation is the foundation or a successful implementation of the SME Loop.

Recommendation: contract a GIZ-trained international Master Coach for support in introducing the SME Loop.

MQS

The appropriate definition of “**your**” SME Loop is a function of the planned achievements (objective, outreach, target group) of the implementing programme on the one hand. On the other hand it is the available resources (human, financial) and country-specific conditions (accessibility to communities, distances, weather and climatic conditions).

- **TARGET GROUP**
Existing SMEs with a clear incentive to grow and generate employment.
- **METHODOLOGY**
There are at least two trainings and two coaching phases:
 - coaching always follows training phase
 - training and coaching interlinked such that coaching content builds on the training content (specifications below: training, coaching).
- Financial institutions are systematically included in the entire loop cycle (specifications below: linking to financial institutions/ programmes).
- Training and coaching are demand-oriented, i.e. based on clients' demand rather than projects' preferred offers.

MQS

3.1. Environment and cooperation system mapping

Like any project planning, SME Loop planning requires an understanding of the environment and the cooperation system into which the Loop is put. This understanding is important for taking strategic decisions on Loop organisation in terms of service provision and potential implementing partners.

- Documentation of an environmental mapping process
- Documentation of options for collaboration with potential strategic partners

MQS

3.2. Setting the boundaries

Setting the boundaries refers to a number of aspects and conditions that need to be clearly defined before engaging into SME support in any ways. More specifically, you need to be explicit about:

- Objectives (What do you want to achieve?)
- Criteria for your target group (required size, sector, position in the value chain, literacy level, etc.)
- Geographical area of intervention (Are you targeting your entire intervention area or just a part of it?)

- Number of participants (How many promoted SMEs do your indicators demand? How many participants can you possibly train? Any minimum requirements?)
- Available time (In what time span do you want to achieve your objectives? Can you go beyond the programme phase?)

Experiences from Sierra Leone and Benin show that the number of participants a single coach can handle varies between 12 and 25 per Loop.

There are quite a number of issues to be considered to refine your SME Loop and to get started. It is therefore better to schedule enough time for proper conceptualisation and preparation. Create a realistic time plan! Factor in all the tasks as well as less foreseeable elements like bureaucracy and absences of important stakeholders.

In **Annexe 7** you will find among others several templates for the introduction and implementation of the SME Loop, also the **time plan** for setting up the SME Loop in Benin. It presents requirements and the major tasks that the programme and other involved stakeholders need to conduct before the SME Loop can be implemented. If at a later stage, the SME Loop outreach should be increased or major adjustments are necessary, also some of the tasks should be repeated. The actual time needed for one task may vary extremely according to many circumstances like administrative procedures, scope and objectives of the programme, available staff and time. Moreover, this is not an all-encompassing list of tasks, some others might be relevant as well for some projects while others do not need to carry out all tasks.

In some cases (for instance in agricultural value chains), it might also be necessary to consider rainy or planting season and adapting length and intensity of the Loop accordingly (e.g. because entrepreneurs might not have time for training and coaching during peak season of processing, trade etc.).

- Reflection and identification on the SME Loop's contribution to overall and specific programme objectives
- Definition of objectives linked to business growth, business improvement, employment generation, income growth.
- Target group: business owners/ managers
 - with literacy and numeracy skills
 - with well established businesses in operation for at least 12 months
 - showing strong growth potential
 - ready to contribute to the cost of the Loop
 - size criteria (employment, sales) to be defined by the project
- Definition of geographical and quantitative outreach in line with programme design and resources
- Definition of overall timeframe in line with project requirements:
 - Preparation time for the first Loop cycle and the methodology: 6 – 9 months
 - Preparation of succeeding batches: up to 2 months
 - Implementation time per Loop: 6 months (excluding preparations)

MQS

3.3. Define the objective and target group

The SME Loop is aiming at increasing competitiveness and promoting employment. Nevertheless, you may want to add or refine the objective so that it better matches your purposes. The SME Loop potentially contributes to:

- Increasing income of employees
- Higher employment rates per enterprise
- Improving the operating ratio of enterprises
- Improved business skills of business owners and managers
- Improved contact mediation between SMEs and providers of financial services
- Superior access to finance for SMEs
- Increase in demand for business development services
- Capacity development and extension of portfolio of service providers
- Framework for service provision of public and private SME support agencies

According to your programme, your target group should be defined precisely. A set of criteria may be elaborated that will serve for the succeeding steps, the identification and selection of participants, the selection of service providers as well as the choice of trainers and coaches.

Possible criteria for the selection of your target group:

- Existing business on the market for at least twelve months
- Inclusion of formal and informal businesses
- Business has the potential to increase its revenue/competitiveness and to provide additional employment opportunities
- Participants are owners or managers of market-oriented businesses
- The SME is regarded as main source of income for the owner
- Meso-level service and input providers are explicitly part of the targeted economic actors
- Emphasis on women and/or youth
- Entrepreneurial skills: reading, writing, producing documents, basic calculation²
- Open-minded for innovation (e.g. already uses or states interest in a specific innovation)
- Particular interest of a certain value chain or a certain link in the value chain
- Inclusion of the most successful or rather the less successful ones with supposedly promising potential

A programme-related maximum target number, the targeting intervention area (nationwide, selected states, provinces, regions, districts), programme objectives or the presence of other development programmes in the area of intervention might also influence the choice of participants.

GIAE pursues a value chain approach. In Benin, the SME Loop is specifically targeting SMEs up- and downstream of the production. This can be input suppliers, producers of agricultural tools and equipment, lenders for harvest and post-harvest technology, food processing companies, packaging firms, traders, restaurant owners using products from the supported value chains, retailers, private laboratories for product quality, etc.

PRACTICAL INSIGHT

CHARLES LOKI

RICE PROCESSING (PARBOILING)

January - July 2017

Banté | Benin

"As a processing company, we are taking a role as an intermediary in the value chain. We are the link between the producers and the markets. We can ensure, on the one hand, the income of the rice producers and, on the other hand, we also take over the marketing and thus bring the rice to the consumers."



² In case illiterates are accepted as participants, the SME Loop needs to be adapted and methods, topics and materials should be selected accordingly. It is recommended that illiterate candidates for the SME Loop may go through a programme of functional literacy before they are accepted to the SME Loop or are linked to such a programme while participating in the Loop. Some training exercises are designed in a way that they can be utilized as well when illiterate entrepreneurs participate.

3.4. Cooperation with stakeholders, steering and planning for sustainability

There are certainly different ways of utilising the SME Loop.

1. GIZ-supported programmes contract a number of service providers to run the SME Loop. (This is the way the Loop has been used so far).
2. In other settings, the SME Loop can be seen as a tool to be integrated into the portfolio of a service provider. These service providers may be public or private institutions that are capable and experienced in implementing training and coaching/mentoring assignments. For example: business associations, local consulting firms, SME agencies from sector ministries or in some cases NGOs.
3. Another way is to propose the SME Loop as an approach for the implementation of strategic programmes such as ministerial policies aiming at promoting SME development, employment promotion, youth empowerment or private sector-led initiatives with similar goals.

Certainly, with regard to sustainability, the final aim should be to anchor the SME Loop within appropriate institutions and/or strategies.

Documented decisions based on:

- environmental mapping and stakeholder analysis above
- method of training/ coaching service provision and its reasons
- financial services partners, and other potential support organisations

Planning for communication, steering and learning

Development and documentation of a (A) communication and (B) steering strategy for major stakeholders, involving:

(A)

- Service providers
- Support organisations
- Entrepreneurs

(B)

Mechanism to regularly incorporate SME Loop results and challenges into SME Loop approach to enable a constant learning process including stakeholders

Planning for impacts and sustainability

Identification and documentation of a potential, sustainable upscaling strategy involving in partners for implementation of the SME Loop.

MQS

Another important aspect to be considered is the collaboration with strategic partners such as donor agencies, programmes interested in achieving similar objectives or who are already running initiatives addressing the same target group. Possibilities to join hands either in conceptualisation or implementation should be analysed. This cooperation might increase the outreach and the visibility of the SME Loop and might result in a wider and faster acceptance of the approach within the target groups and political partners.

The following considerations concerning human resource requirements and costs involved are based on the assumption that a programme is collaborating with service providers to implement the SME Loop.

CHAPTER 4

LET'S GET STARTED

4. LET'S GET STARTED

4.1. Human Resources

The SME Loop is concerted action of a funding programme, a service provider and, if applicable, a partner institution. The funding programme has to clarify the need for human resources in their own ranks as well as with regard to service provision (for the tender) in order to establish favourable conditions for a successful implementation process. As the funding programme, you will need persons dedicated and qualified to coordinate and implement the Loop. The requirements indicated in the following table are derived from the experience in Sierra Leone, Benin and other training and coaching programmes. This is, however, very indicative and can vary depending on your structure, mode of operation, target group and number, etc.

Example of staff and designated roles - SME Loop Implementation within the Green Innovation Centre Benin:

The Green Innovation Centre deploys two national programme coordinators, one in charge of eleven communes in Southern Benin, the other in charge of six communes in the North. Monitoring & Evaluation (M&E) of the Loop is assured by the M&E Team for the overall programme.

For the implementation of the SME Loop, the programme has contracted eight service providers: seven local organisations and one international NGO. The local NGOs employ each one programme manager, two trainers and one coach, all from their existent staff. Since the international NGO has a large number of parallel Loop groups, it has engaged two programme managers, four trainers and 22 coaches. In addition, they contract external consultants for the selection of entrepreneurs and for M&E.

ROLE	EMPLOYMENT FORM	TASKS	STAGE WHERE PERSON IS NEEDED
SME Loop Programme Coordinator	Programme staff; mostly full-time, (depending on size of the SME Loop may also work in other programmes parallel, depending on scope and geographical area)	- Defining structure of SME Loop, targeting group and objectives of SME Loop (together with team) - selecting service provider - creating and managing relevant partnerships for the programme - overseeing programme delivery, etc.	All stages
SME Loop Programme Manager of service provider	Employed by (each) service provider; (depending on size of target group and geography: part-time work for the SME Loop of one person up to more persons in full-time; SME Loop responsibility needed)	- Refining structure with GIZ team/Programme coordinator; - selecting trainer and coaches (with GIZ Programme Coordinator); - organising training and coaching (and assessment), supervision; - organising intervention of trainers and/or coaches, etc.	All stages
Partner institution: SME Loop Focal person	Personnel of partner institution(s)	- Monitoring implementation of SME Loop; - providing advice and feedback for the implementation process; - feeding results and lessons learnt into partner institution; - ensuring knowledge transfer into partner organisation	All stages
M&E Coordinator	Programme staff; (ideally, M&E of the Loop will be integrated into the overall M&E of the programme and done by the M&E officer of the programme)	- Support of set up defining of SME Loop to ease M&E (e.g. adapt assessment to M&E requirements) - Development of M&E tools; - training coaches in M&E tools (in case they should contribute); - supervising; - carrying out or organising full M&E; analysing data, - report writing	All stages, depending on M&E set-up
Trainers	Employed by partner/service provider; (long-time employed or independent and contracted according to need: necessary number of trainers depends on target number of entrepreneurs to be trained)	- Development of training curriculum including handouts etc., possibly translating material (might be done by one senior trainer); - preparing and delivering trainings (with up to 24 participants) according to assessment and discussions with coaches	Training 1, Training 2 and Graduation Ceremony
Coaches	Employed by partner/service provider; (Full-time employment; number depending on target number of entrepreneurs)	- Delivering individual coaching sessions (12 coachees per coach); - administrative work; - M&E support - supporting trainer at training sessions (co-facilitator)	All stages of implementation, optional for assessment
Trainer(s) of Trainer and coaches	Contracted by the programme or service provider; (contracted as short-term expert according to needs; optional: two persons – one for training of trainers and one for training of coaches)	- Delivering training of trainers: structure of SME Loop, methodology and content training; - Delivering training of Coaches: structure of SME Loop; methodology and content of coaching	ToT, ToC

- **Identification of the following positions:**
 - SME Loop manager
 - Regional managers
 - M&E Officer
 - International Loop Master Coach (short term) to accompany the introduction of the SME Loop
- At least 1 SME Loop coordinator per service provider/ partner organisation:

TRAINERS AND COACHES

Training 1 & 2:

- 2 trainer at a time
- at least 2 x 2 x 3 trainer days per 20-25 participants for implementation per Loop
- additional preparation time: at least 1 day/ trainer per training

Coaching 1

At least 2 coaching sessions of 1.5 to 2 hours each per entrepreneur per month for 2 months.

Coaching 2

At least 2 coaching sessions of 1.5 to 2 hours each per entrepreneur per month for 3 months.

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4.2. Costs to consider

Depending on the mode of delivery, you need to calculate with varying costs. In order to have fast and visible results, contracting of service providers will be your first option. This is the way it is handled so far in Sierra Leone and Benin. The biggest budget item will be the contract with service providers followed by the salary for programme staff responsible for the Loop.

The provision of tools and equipment to target groups should be definitely avoided. The SME Loop is about entrepreneurial competencies, about how to run a business. Distributing gifts such as input or equipment does not reflect the entrepreneurial spirit and would be counterproductive. Furthermore, we are convinced that sitting allowances should not be paid. The participants receive a full package of training and coaching for free (or at a symbolic charge); hence there is no argument at all to add financial incentives.

In some countries, there might be a lack of experienced service providers for the SME Loop. First of all, you should rethink the idea of utilising the Loop. If you need years to capacitate the service providers before you can start partnering with them for the implementation, please do not even start at all. With the Loop, we would like to achieve fast results. So, your goal should be to collaborate with service providers who are experienced in training and coaching and may even have certified trainers. Still, even experienced service providers do not yet know the SME Loop. Therefore, in most cases you should budget for ToTs and ToCs sessions to assure that the service providers understand the logic and principles and methodologies of the Loop. This is the key for a successful implementation.

In addition, other costs need to be considered when setting up a budget for the SME Loop:

- **Capacity Development:**
 - venue and catering of ToT and ToC (possibly also service providers and partner organisations)
- **Travel expenses:**
 - trainers and especially coaches
 - entrepreneurs (Training 1 and 2, Graduation Ceremony - if agreed to pay those expenses)
 - programme manager and other required personal (e.g. consultancy)
- **Training for entrepreneurs:**
 - venue (Training 1 + 2, Graduation Ceremony) and catering
- **Stationery and printing:**
 - training material: trainer and coaching manuals, handouts, blackboard, etc.
 - material for coaches: development plans, visiting report, etc.
 - material for entrepreneurs: cash books, etc.

- **Eventualities:**
 - petty cash for coaches: facilitate visits, internet café with the entrepreneur, etc.
 - facilitation/kick-off of peer-to-peer: costs for first meeting, etc.

Financial allowances or contribution by participants for training and coaching are strongly subject to local and national habits and regulations.

We recommend:

- Do not pay any sitting allowances
- GIZ caters for training, accommodation and food
- Demand a symbolical contribution by the coachees at least in Coaching 3
- Transport might be organised and paid by participants themselves

In case you are planning a financial contribution to be paid by the participants of the SME Loop, please consider the financial possibilities of the entrepreneurs. Depending on your target group, you might consider charging contribution to training and/or coaching according to the economic size of the enterprise. However, most of the SMEs, will certainly not be able to pay a cost-covering price for the Loop.

MQS

- Development of a framework to estimate other direct cost for venue, transport, food, etc. which helps to calculate the overall budget needs.
- Participating entrepreneurs contribute to the cost of the Loop.
- Estimation of the costs for training of trainers, coaches and the implementing partners.

4.3. Drafting a M&E system

M&E needs to start at an early point of Loop planning and development. While defining your Loop, you set a series of objectives you want to achieve. These achievements need to be measured in order to be able to recognise if the Loop is appropriate in reaching its own and the programmes' goals.

The objectives for your SME Loop determine the indicators which need to be monitored:

- The boundaries, regarding target group, targeted value chains or economic sectors, geographical coverage, number of participants, etc. will help you setting up the SME Loop monitoring.
- The assessment of the enterprises (chapter 5.1) provides tools and templates which can be utilised (in an adapted form) for the monitoring exercises. By any means, we strongly recommend to link the assessment and the monitoring to the largest possible extent to ease your work and to make the gathered information and data comparable. It might be necessary to add some monitoring elements to touch overarching aspects of your Loop that are not addressed by the assessment forms.
- The setting up of the Loop monitoring shall be done while setting up the Loop (chapter 4). Delaying this process often leads to non-systematic and incomplete monitoring.
- The gathering of monitoring data seems to be most appropriate after the end of each coaching. This can (at least) be partly done by the coaches. The results should also be integrated into the coaches' reporting to their respective service providers. Of course, this needs to be considered when determining the scope of the coaches' work.
- The final evaluation of each Loop cycle should be done by independent persons to avoid a biased and overly positive assessment of the results.
- A performance assessment of trainers, coaches and service providers allow deciding on the termination, extension or even enlargement of contracts. It is certainly favourable when service providers may do more than one group in each Loop cycle. This would reduce the administrative workload, assure the required performance quality and may lead to an up-scaling of the SME Loop.

4.3.1. Loop monitoring as integral part of the programme monitoring system

We propose to integrate the SME Loop monitoring in line with and into the overall monitoring of your programme. A specific monitoring system for the SME Loop may only make sense if the SME Loop would be a stand-alone project or would be run on a large scale and contracted to a consulting firm.

Otherwise, it is recommended to include the M&E Officer of the programme to the process of defining and setting up the Loop. This particularly comprises the elaboration of the tools and templates for assessment, business profiles, data gathering and reporting. Depending on the existing materials in the beginning, templates, formats, and monitoring methods shall be adapted to them to avoid duplication of work or contradiction of data. The enterprise assessments may provide important information that can serve as baseline for other parts of the programme as well. Likewise, you may consider adding some aspects to the enterprise assessments that might be insignificant for the SME Loop but can be used as basis for other indicators.

4.3.2. Developing the M&E system

The M&E system should be available from the beginning of the entrepreneurs' selection and work.

M&E involves

- Decisions on indicators to measure, on monitoring and data entry and processing strategies
- Collection of baseline data through assessing participating enterprises
- Monitoring of service providers' performance and Loop progress
- Monitoring of results and impacts

For learning and innovation, promotion and further Loop development it will be useful to make the projects' M&E systems comparable to the extent of enabling comparative research. Apart from this, the Green Innovation Centre Benin is the first project piloting control group methodology. Unless separated from other factors like general market development, inflation etc., measured changes in businesses that have undergone the SME Loop, cannot be clearly attributed to the Loop intervention. Control group methodology is a big step forward here.

Design of an M&E approach, including:

- Monitoring/ supervision of service providers, trainers, coaches
- Monitoring of training and coaching progress

Training and coaching progress and results:

- Establishment of a method to monitor and evaluate the ongoing Loop process and entrepreneurs' learning

M&E of SME Loop results:

- Elaboration of a monitoring system for the SME Loop

MQS

4.4. Promoting the Loop

The SME Loop is a new concept that needs to be promoted to stakeholders including entrepreneurs in order to raise awareness and interest. This requires PR materials as well as the selection of communication channels to deliver the message. Some materials (video, factsheets, success stories) are available from projects that already introduced the SME Loop. While using and learning from existing PR materials, you should have in mind to produce your own success stories, lessons learnt and supporting results statistics. Good results at a reasonable cost are the most significant argument to convince people of the SME Loop.

MQS

- PR materials are available
- Identification of adequate channels for the promotion of the SME Loop

4.5. Cooperation with partners

Cooperation with a government agency or a business association to include the SME Loop in strategic documents and programmes will be made under the header of the overall programme and will therefore not be elaborated on at this place.

When bringing on board an additional partner such as a donor agency, you need to clarify and fix the roles and responsibilities of each party.

- Objectives of the partnership: Why do you come together? How does each partner benefit from it?
- Which kind of partnership is appropriate?
 - Collaboration involves great autonomy and no permanent organisational commitments or combined services. E.g.: sharing information, coordinating efforts.
 - Strategic alliance involves shared or transferred decision-making power. E.g.: joint programming and planning.
 - Cost-sharing occurs when each partner provides different resources, such as facilities, staff, or equipment.
 - Grant-match occurs when a partner organisation provides a grant and you, as the recipient, provide a match in e.g. services or supplies.

The kind of partnership you agree on will then determine the responsibilities and roles of each partner as well as the nature and amount of contributions of each side.



PRACTICAL INSIGHT

CAMILLE TOHIZON

POULTRY AND EGG PRODUCTION

June 2017 - February 2018

Zogbodomey | Benin

„Due to the demographic development the demand is very strong in all agricultural sectors. I would like to promote the supply of food. There are not many people who can produce in such large quantities and only a few young people want to take over this kind of work. I want to reform the poultry sector.“

4.6. Selection of service providers

Service providers are the implementing partners for the SME Loop. They will take over such tasks as training and coaching of participants. You will try to find service providers with experience in:

- The conception and implementation of entrepreneurial training (and coaching)
- Staff management of a number of (self-employed) trainers and coaches
- Project management
- Participatory group methods
- Adult education
- Peer-to-peer learning

The service provider should already have personnel who can be involved in the SME Loop. A qualified, dynamic and committed programme manager is essential to adequately running the Loop. Trainers and coaches may be employed by the service provider or can be identified easily because of a network of available and qualified experts.

Whenever it is possible, local service providers should be preferred due to their local knowledge regarding structures and actors, customs and traditions as well as languages. Working with these local service providers will strengthen their role and create local capacities for the SME Loop. Also, for the time when the GIZ programme is terminated, it will help anchoring the approach in the locality and in the country for the future.

If there are no suitable local service providers available or if their capacities are not suitable for the targeted numbers, service providers from the capital or international institutions may also be contracted.

At this point in time, you have to make a strategic decision:

- Do you prefer fast results and maybe less institutional sustainability? Then you may choose a service provider who is conducting completely after your conceptions.
- Is institutional sustainability paramount for you? Then you may choose an institution which is deeply rooted in the local society. Even though it might not be the strongest partner and needs more capacity development than others.
- An alternative is a committed SME support agency that already offers services to its clients or members and wants to enlarge its services by taking up the SME Loop. Here, your impact may increase over time with the possibility to implement the Loop even without support from your programme.

- **Identification/ selection by applying a transparent process based on criteria such as:**
 - experience in MSME development, training, coaching
 - experience in adult learning methodologies
 - capacity to organise, train and coach
 - ability to provide HR
 - understanding of task
 - target group match (location, language, gender)
 - financial offer/ cost
 - potential for upscaling and sustainability
- **Usage of available MoUs and/ or GIZ contract formats**

MQS

4.7. Selection of trainers and coaches

Some service providers will have employed trainers and coaches; others will need to contract them from their networks. Depending on the situation, some trainers/coaches may be contracted individually or through a trainers/coaches organisation. In any case, the selection of these persons is of utmost importance: they will be working on a continuous base with the Loop participants.

Below you find the qualifications, skills and competencies trainers and coaches should have:

SME Loop Trainer	SME Loop Coach
High Motivation	
BACKGROUND	
economics, business management, value chains (+pedagogics)	economics, business management, adult education, coaching
KNOWLEDGE / SKILLS	
(basic) understanding of economics, market and value chains	
local language and official language(s)	
training facilitation, group dynamics and adult education	adult education, change management, coaching basics
SOFT SKILLS	
ability to adapt to a group's learning level	attentive listening, asking solution-oriented questions, positive attitude, genuine helpful attitude, promoting self-development
good communication and explanation skills	good communication skills
at ease and self-assured in front of a group	does not need to be in the centre of attention but has a certain presence in the room
feeling for the needs and capacity of individuals and groups and ability to adapt to it	feeling for the needs and capacity of the coachees and ability to adapt to it
ability to create constructive and open atmosphere within the group	ability to create constructive and open atmosphere between coach and coachee
good group management	
	entrepreneurial attitude
	process-oriented (rather than result-oriented)
	Analytical
ability to motivate	
flexibly, respectful and emphatic personality	
EXPERIENCES	
as a trainer needed	as a professional business coach (need depends on training for coaches)
in group management	
as an entrepreneur	

You should be very attentive during the selection process. A senior business man who shall receive training or coaching from a 20-year-old high school graduate will probably not stay committed and may drop out of the Loop.

In many countries you will find trainers with qualification and/or certification of different entrepreneurship approaches such as “Competency based economies through formation of enterprise (CEFE)”, “Start and improve your business (SIYB)” from the International Labour Office (ILO) or “EMPRETEC” from UNCTAD. These certifications offer an indication about the quality of the trainers. You may want to add this to your criteria catalogue for the selection of trainers and service providers.

While selecting trainers and coaches, please reflect on the following aspects:

- One person may be trainer and coach at the same time
- Trainers and coaches need to be selected separately since the profiles vary considerably. Their selection should be based on:
 - CV
 - Motivation letter
 - Interview
 - Explaining the methodology of a freely chosen training exercise (for trainers)
 - Role play (to practice coaching situation)

Expectations towards the potential trainer and coach, workload, tasks and role should be made very clear from the beginning.

Transparent process based on criteria such as

- Business related competencies/ knowledge
- Experience with adult learning methodologies (such as CEFE, SIYB)
- Training experience
- Coaching experience
- Target group match (location, language, gender)
- Considering sociodemographic variables, if relevant

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4.8. Capacity Development for service provider, trainers and coaches

The SME Loop is built on various approaches for business development. Probably you will not find trainers and coaches who will cover all the qualifications needed. Even in cases where all trainers and coaches fulfil high standards and possess long experience in their jobs, it is still recommended to organise an introductory session to the SME Loop. Besides skills for training and coaching, it is crucial for both groups to understand the SME Loop perfectly. For the success of the approach it is essential for trainers and coaches to develop an understanding of their role within the whole SME Loop process. They both should participate together in the introductory session to reach the following **objectives**:

- Trainers have sufficient experience and expertise in the training content and methodology
- Trainers have a clear understanding about the learning approach underlying the SME Loop: Thus, they have the right understanding of their role as trainer-facilitator as opposed to teacher.
- Trainers and coaches understand the need of team work
- Trainers and coaches know each other and can relate to their work responsibilities
- Coaches have a clear understanding about the training contents
- Coaches develop a common idea of coaching and learn methods and tools
- Kick-start of the cooperation between trainers and coaches

In **Annexe 1** you will find the Coaching Guide. It can be used by service providers and coaches to prepare and continuously improve their coaching skills.

In addition, the coaches should also participate in the two trainings for the participants of the SME Loop for three reasons:

1. The coaches get to know the entrepreneurs, their future clients
2. The coaches become clear about training relevant topics
3. The coaches can assist and support the trainers in setting up Training 2 based on the on-going coaching with the entrepreneurs

Exemplary introductory session

- SME Loop overview, preparation and implementation process
- Training methodology and content
- Training content
- Coaching methodology and content
- Introduction into training and coaching formats, reporting
- Team building amongst trainers and coaches

The duration of the session depends on your experience with the Loop and the experiences of the selected trainers and coaches. When introducing the Loop to trainers and coaches for the first time, the introductory session will probably take up to two days.

The introductory session can be organised by the funding programme or can be sourced out. The contractor shall have a solid understanding of the trainings contents and methodologies selected for the SME Loop. Additionally, it is necessary to organise ToTs/ToCs to assure a good quality of the Loop. It is recommended to contract nationally or internationally renowned institutions that provide certified (master) trainers in the approaches referred to in this handbook. If you decide to outsource any of these training, you will need to respect the tender regulations by GIZ.

- Documentation of capacity assessment based on evaluation/ selection processes above and additional interviews and discussions if needed.
- Documentation of a CD strategy for SME Loop implementation
- Conduction of an onboarding workshop with support of international SME Loop master coach:
 - Based on assessment of information needs and demand and on MQS and SME Loop Standard Training Materials
 - Minimum 1 day, 2 facilitators, plus international SME Loop Master Coach

ToT/ ToC:

- Based on assessment of needs and on SME Loop Standard Training Materials
 - 2x10 days: incl. on the job coaching during piloting of first entrepreneurs' training and coaching.
 - conducted by international plus national Master Trainer/ Coach with ample experience in training/ coaching
 - at least 2 trainers at a time plus International Loop Master Trainer/ Coach
 - evaluation results and grading of trainers and coaches to be used in SME Loop implementation

TRAINERS/ COACHES CERTIFICATION SCHEME:

- Organised learning of trainers/ coaches over a period of at least 5 SME Loops
- Supervised by an international, later by a National SME Loop Master Trainer/ Coach with extensive training and coaching experience
- Evaluation of trainers/ coaches by international Master Trainer/ Coach
- Certification of qualifying trainers/ coaches
- Certification of Master Trainer(s)/ coach(es)

MQS

4.8.1. Processual Capacity Development for service providers

It is advisable that service provider(s) and partner(s) are assigned to responsibility in the SME Loop as much as possible to guarantee ownership and sustainability. Nonetheless, since the Loop is new for most of the service providers, we see the need to take a step by step approach to build the capacities of the service providers towards a sustainable solution. Thereby they will be capable of managing the entire process. Trust should be the foundation for the relationship between the programme, the service providers as well as the trainers and coaches. It is built from the beginning. In most cases, it will be necessary for the programme to take the responsibility and the financial commitment to kick-start the implementation of the Loop. By gaining experience with the tool, a path to transfer increasing responsibilities to the service provider shall be elaborated. This could look like:

- During the first round of the Loop, assessment and selection may be organised by the programme and overseen by programme staff, but service provider(s) and/or partner(s) participate and/or take an active role within the process.
- In the second round, the service providers might take the task of identification and assessment, with programme staff only giving support where needed.
- In the third round, full responsibility will be assigned to the service providers. They will implement the Loop independently (according to the agreed plan and reporting to GIZ).

The Loop implementation itself should always be done by service providers and not by programme staff. The programme supports service providers in the first rounds with exchange sessions about the implementation of the Loop and content-wise refresher units, if necessary.

Otherwise, strengthening the implementation capacities of the service providers is very similar to GIZ core business of human capacity development. This can easily be provided by GIZ staff but may be outsourced e.g. combined with the qualification measures for trainers and coaches.

4.9. Get in contact with financial institutions

The SME Loop is taking into account that quite often financial services are poorly adapted to the actual needs of SMEs. This is done by actively providing hands-on information and establishing face-to-face exchange between entrepreneurs and finance institutions along the entire Loop.

In order to involve local financial service providers in the SME Loop, it will be important to share all information on the SME Loop with them. Thus, they can clearly see the potentials and their role in the process. This will require some preparatory action before bringing them together with entrepreneurs in the framework of the training:

- **Preparation** of a written brief description of the SME Loop (objectives, approach, target group, area of intervention, etc.)
- **Identification** of existing local financial institutions in the proximity of the participants
- **Personal visits** to create interest in getting involved in the Loop:
 - Explaining the SME Loop with help of communication material (e.g. factsheet, brochure)
 - Pointing out the specific interest/important role of local financial institutions
 - Elaborating on successful examples of SME Loop implementation and the advantage of close linkage between financial institutions and participants
 - Exploring possibilities for collaboration and their interest in the Loop: are there any specific conditions or requirements for collaboration from institutions' side?
 - Clarifying relevant financial products of this institution
 - Defining timespan appropriate for visit of participants to the institution and/or of the institution to the participants at the training venue
- **Stay in touch:** keep the financial institutions informed about the Loop and potential financial needs of participants

Establishment of cooperation agreements with financial institutions/ programmes/ actors based on criteria such as:

- Relevant service offer for the SME Loop participants
- Genuine interest in business relationship
- Agreed upon role in the SME Loop process.

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This could entail:

- Linking businesses to financial service providers during coaching (Phase 4: Financing and linkage development)
- Business Development Plan (BDP) evaluation
- Participation in the Graduation Ceremony and in pitching events
- B2B meetings
- Linking to donor programmes (microfinance, matching grants, SME finance).

4.10. Identification and pre-selection of entrepreneurs

Potential participants need to be identified and informed about the SME Loop and the process of application. Entrepreneurs will be pre-selected on the basis of their application documents.

4.10.1. Information and identification of potential participants

With this step you start going public. It includes:

- Catchy information (material) about the Loop to arouse the interest of possible participants
- Provision of application channels for interested business owners
- Description of the application process

To assure transparency of the identification and selection process and a wider coverage about the Loop, we propose to organise a call for proposal. According to the specific ways of communication in your country, this can be done via different communication channels such as social media, print media, radio but also poster ads and display of leaflets in relevant institutions.

Additionally, strategic partners, business associations, chambers, relevant ministries and of course SME support agencies (might they be implementing partner for the Loop or not) can be asked to use their channels in order to have a multiplication effect of media utilisation.

The disseminated information should answer the following questions:

- What is the SME Loop?
- What are the participation conditions?
- Do I fit in the target group?
- How do I apply?
- Where can I find the application documents?
- When is the application deadline?
- How do I know if I am pre-selected or not?
- What are the next steps if I am pre-selected?

Attached to the form, the conditions of participation should be made clear again (e.g. time- and workload, financial contribution, no direct access to finance etc.) Not only to avoid false expectations but also to avoid application, assessment or even participation of applicants who do not agree to those conditions.

4.10.2. Application process

Pre-selection may be carried out on the basis of a short application form. The form should not be longer than one page and only ask for basic data and information about the entrepreneur and their SME, which is necessary to assess whether the applicant fits in the target group.

Questions may cover: **contact address, structural data of the applicant (gender, age, education level) and the enterprise (sector, years of activity, size of the enterprise, whether it is the main source of income, problems exercising business, future objectives).**

Where access to internet is common, the application forms can be placed online, for download, filling and sending. If the targeted business men/women are mainly from rural areas where the access to the web is difficult or the interested people are not acquainted with modern media, you need to find local places (office of Loop partners, GIZ programme, business organisations) where printed application forms can be found and handed in.

In cases (semi-)illiterates are part of the target group, a consultation hour may be offered where the questionnaire can be filled in together.

4.10.3. Pre-selection

At the end of the application period, all applications are screened and rated according to the criteria and priorities that have been set by the programme (in coordination with partners and service providers) beforehand. On this basis, a short-list of all potential applicants eligible for assessment will be established.

The number of entrepreneurs eligible for assessment should be significantly higher than the targeted number of participants to be able to choose only entrepreneurs that are really eligible for and profit from the programme.

Please do not wait too long after the deadline has passed to inform the pre-selected (or all applicants) about who has been chosen for the next step, the assessment.

Publication of the SME Loop offer

- advertising and adequate channels such as newspaper, radio, business associations and chambers, cooperating/ implementing organizations, webpages, social media
- call for applications (on paper, or online)
- Specifying the criteria for participation (derived from the target group definition).
See also: Selection criteria, under: selection process
- Preselection based on target group definition and requirements
- Conducted by SP/ PO in collaboration with project responsible.
- Preselection of 50 if target group sized should be 25 participants.

MQS

PRACTICAL INSIGHT

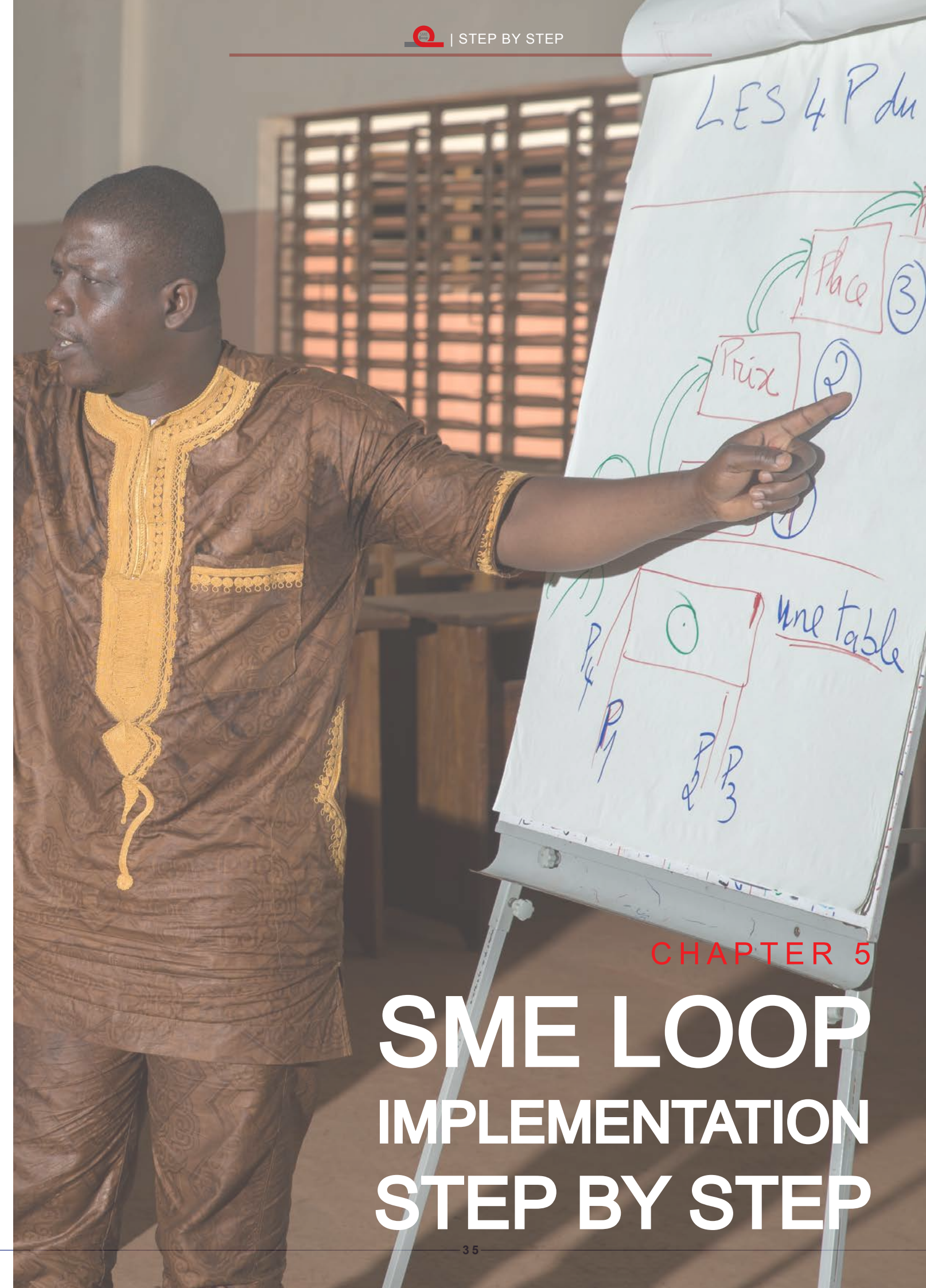
SEIDOU OUMOU

SOYA PROCESSING (MILK, YOGHURT, CHEESE)

January - July 2016

Kandi | Benin

"All members of our association share their knowledge. If someone is out of soybeans in stock, then one advises and lends each other something. There are for example many who do not know how to make the soy-yoghurt. I can show them how to do it, they can learn from me."



CHAPTER 5

SME LOOP IMPLEMENTATION STEP BY STEP

5. SME LOOP IMPLEMENTATION STEP BY STEP

This chapter describes the implementation of the SME Loop once the preparatory activities are completed. It is elaborating on the steps how to select the participants of the SME Loop (chapter 5.1), explains the training and coaching methodology and structure (chapter 5.2 and 5.3), and explains why you should connect with implementing agencies and financial institutions (chapter 5.4).

Ideally, most of the activities described below should be taken over by service providers. GIZ as funding programme is mainly acting as supporting entity for the process, has a say in the selection of the entrepreneurs and verifies that quality standards and reporting are respected by the service providers.

5.1. Assessment and selection of entrepreneurs

Each enterprise that has been pre-selected will undergo an assessment. Linked to the enterprises, a closer look at the business owner will be done. Please inform the persons about the whole process to ensure transparency and to avoid misunderstandings.

The assessment combines different functions:

- selecting the “right” entrepreneurs who fit the selection criteria
- business owners have the chance to proof their motivation and entrepreneurial potential
- information gained through the assessment is the starting point for training and coaching: it strongly enhances chances that content and methodology are adapted to the participants’ needs and capacities
- Moreover, the data will be used for the monitoring of the programme as well as for (self-) evaluation for the trainer and coaches

The main instrument of the assessment is a questionnaire that covers three areas:

- 1. Entrepreneurial characteristics:** (Self-) evaluation of characteristics e.g. initiative, risk acceptance and ability for problem-solving
- 2. Training needs and capacities of the entrepreneur:** Analysis of educational level e.g. reading, writing and counting as well as specific business skills like record keeping, marketing and business planning (to document the existing competencies, possible gaps and the areas where the entrepreneur wants to create more competencies)
- 3. Enterprises profile:** Assessment of the enterprise: field of activity, years of existence, number of employees, or profit give a first idea about the potential of the enterprise.

The questionnaire will be filled by the entrepreneurs themselves or together with an interviewer. Especially for a target group with lower educational level, the latter method should be favoured to ensure the entrepreneur fully understands all questions. Ideally, the questionnaires may be complemented by a short interview with open questions. In this interview, the entrepreneur gets the chance to provide more detailed information on his/her enterprise, the entrepreneurial vision, the personnel, challenges and issues he/she wants to work on.

Assessment can take place as a visit of the enterprises or as an event at one location where the pre-selected entrepreneurs are invited to undergo an interview. Visiting every entrepreneur in his/her enterprise is more time- and resource-consuming, but the information quality is assured. In addition, a first impression of the enterprise can be gained which helps to correlate the information provided by the business owner with the situation in his/her enterprise. If the enterprises cannot be visited, the assessment questions need to be more specific and offer possibilities for triangulation.

Another option may be a self-evaluation done by the entrepreneur. Nevertheless, to avoid or minimise unbalanced decisions, it is advisable not only to rely on that. The entrepreneur might not really understand the questions posed in the self-assessment form or has no possibility to compare with similar enterprises.

On the basis of the questionnaire results and the interviews, the applicants will be ranked and selected. It is not necessary to always choose those with the best results. Basically, those applicants who are best suited to the target group are those who will be selected. However, an individual impression of the applicants’ motivation and commitment shall at least contribute to the final results. Particularly in case of entrepreneurs with lower capacities, the selection should prioritise highly motivated entrepreneurs with a solid business concept and vision to guarantee the worthiness of the high (work) input of the organisers and implementers.

The assessment includes:

- (Self) assessment of entrepreneur
- Assessment of business and its development needs
- Collection of baseline data on entrepreneur and enterprise

Conducted by service providers/partner organisations in collaboration with project responsible.

Transparent selection criteria-based process including:

- Visit to enterprises of preselected entrepreneurs to verify existence and information provided
- Above assessment techniques.

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Who is responsible for the selection?

The assessment can be undertaken in different forms depending on the institutional anchorage of the Loop. Wherever possible, GIZ staff should not enter into the assessment process. The service providers contracted for the SME Loop should be in charge of the assessment as well. Ideally, the trainers and coaches will already be involved in the assessment. They could be in charge of conducting the open interviews since these require more experience than assisting the filling of a questionnaire. The integration of trainers and coaches brings along a number of advantages:

- Sharpened understanding for assessment process and collected data leads to an improved integration of assessment results into their coaching/training work.
- More and first-hand information about and experience with the target group assures larger understanding for their capacities and needs. This eases a successful adaptation of training/coaching methodology and content from the very beginning.
- An early first contact accelerates the building of trust between participants and trainers/coaches.

When partnering with a business association or a SME support agency, they should also be involved in the assessment and selection process as promoters of SME development. Contracting out the assessment as separate tasks from the rest of the implementation is not seen as a preferred solution. This would lead to too many actors interacting with the business owners and the necessary trust building between the business owners and the trainers, coaches and the key service provider may become more difficult.

The GIZ programme remains responsible or is at least actively involved in the selection of participants to assure that the selected persons correspond to the criteria for the target group. Furthermore, it receives the collected data to feed them into the M&E system of the programme.



PRACTICAL INSIGHT

AUGUSTINE AGBANRIN RICE PROCESSING (PARBOILING)

January - July 2017

Banté | Benin

“I started with the processing in 2010. Since then, my primary goal was not to increase the quantity, but the quality of my processed rice. In addition to my qualified employees and the high-quality primary materials, the management of the company is crucial.”

5.2. The Trainings – Structure and methodology

The strongest asset of the SME Loop is certainly the combination of training and coaching elements that enhance one another. Both parts are interlocking: Coaching reacts to training experiences and vice versa. Knowledge and skills can be developed at a more general level in the trainings and can be taken up and applied to the entrepreneur's specific context in the coaching.

- 2 trainings of at least 3 days each; 2 trainers per group; max 25 participants per group

Trainers selected and approved by project (if possible: certified)

- Training modules (1 and 2): Implemented in line with SME Loop Standard Training Materials

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The SME Loop consists of two modularised training blocks of three days each. We recommend a certain structure with selection of modules for both training phases which essentially depend on majorly two factors:

1. Needs and demands of participants:

- The initial business assessment on SMEs during selection provides information on the entrepreneurs' capacities and their businesses. This information is useful in selecting the training modules.
- The literacy level of the participants
- The demand for certain topics from participants. For example, many SMEs required for working capital management knowledge and skills during Coaching 1.

2. Experiences and preferences of the trainer:

- We recommend working with experienced trainers (i.e. experienced in the field of entrepreneurial development trainings). Trainers have their preferences and experiences with regard to what works well and how participants react on various topics and issues.

At a more general level, SME Loop trainings are guided by some orientations that are fundamental to the overall understanding of the SME Loop:

- **Adult Learning and Experiential Learning Principles:** This is a practice in which adults engage in systematic and sustained self-educating activities in order to gain new forms of knowledge, skills, attitudes, or values based on the entrepreneurs' own experiences.
- **SME Loop Trainers:** SME Loop training provision follows certain principles of facilitation tools which enable the entrepreneurs' self-learning and to gain business management knowledge and competencies. The methodology of SME Loop training delivery varies to the general teaching or advisory approaches. Consequently, for each training implementation we recommend two trainers.
- **Training modules** are designed into learning tools of structured learning experiences, individual and group presentations, case studies, role plays and group works and self-analysis and studies. SME loop implementation requires a creative learning atmosphere of openness and trust.
- **Participatory learning techniques and tools:** Training modules require participation in the learning process. A number of participatory learning techniques and tools are designed into the training modules. Therefore, it is recommended to read and understand the guidance notes in the **SME Loop Standard Training Materials**.
- Training sessions may be held in any language helpful for participants' understanding.
- Peer to Peer Learning – Both training provisions aim
- Access to finance: There are modules in both trainings on business finance. On Training 1 the modules are in the form of preliminary financial management knowledge, skills and financial analysis. On Training 2, more in advance and towards planning and business improvement strategy including record keeping. These training sessions with Coaching 2 enable the entrepreneurs access finance successfully and professionally.
- A stronger focus on peer-to-peer learning in order to strengthen cohesion among group members for future collaboration and exchange.

Advantages of Peer-to-Peer learning

- supports the idea of self-help and demand oriented learning and appreciative inquiry
- learning is mutual in both directions: both peers express their achievements and difficulties. Each peer brings his/her own experience, which can be compared, under different circumstances.
- the learning environment is often the working environment. Positive results of good practices can be shown on site – leading to a high absorption of knowledge.
- The opposite peer has no personal interest in changing the situation of a neighbouring area.

Peer-to-Peer Learning needs structure!

In the framework of the trainings, first and foremost through:

- group works and exercises- regardless of the group size
- role plays
- discussion and exchange formats like information market, world café, station walk, and others

Beyond the training context:

- Enterprise visits (as a group or individual)
- Cooperation and network formats (club of entrepreneurs, round table, 'field days', platforms, etc.)

The initiative from participants might be needed to start it and make it viable. However, some kind of external support (organisational, financial) or kick-off-initiative may be helpful or even necessary.

For Training 1 and 2 training contents, detailed descriptions and implementation guidance, please refer the SME Loop Standard Training Materials.

5.3. The Coaching – Structure and methodology

The word "coaching" literally means to transport someone from one place to another. All forms of coaching seem to have one thing in common: people are using it to help others moving forward or creating change.

Coaching is a process in which the coachee is supported by the coach. In this process, the coach strengthens the coachee by using suitable questions, techniques and instruments as well as reflecting observation to reinforce the coachee's capacities for (widely) self-reliant problem solving, enterprise and personality development. The needs, priorities, and capacities of the coachee determine content and methodology of coaching.

In a coaching relationship, the coach and the coachee are equal partners. It is based on the idea that the coachee has all required resources, skills, and experiences to improve his/her situation and to fix a problem himself/herself.



For coaching principles, roles and responsibilities, detailed descriptions and implementation guidance, please refer the SME Loop Coaching Guide.

Individual coaching comprises:

- a quality coaching methodology established based on the SME LOOP Coaching Guide and GROW methodology
- at least 2 coaching phases, plus optional coaching after the Graduation Ceremony
- Coaching 1: 2 months, at least 2 coachings/ month
- Coaching 2: 3 months, at least 2 coachings/ month
- 1 coach works with not more than 25 entrepreneurs
- Coaches selected and approved by the project (if possible: certified)
- Quality coaching materials/ workbooks provided to entrepreneurs according to manuals

MQS

Coaching 1 + 2:

- Collection/ completion of baseline data on entrepreneur and enterprise
- Agreement on a contract for an Entrepreneur/ Enterprise Development Plan between entrepreneur and coach
- Individual coaching schedules are prepared based on results of Training 1 and the developed objectives (contract between coach and entrepreneur)

PRACTICAL INSIGHT

BONIFACE AGBESSI

POULTRY, EGG PRODUCTION

January - July 2016

Kandi | Benin

„The quality of our work has allowed us to grow. The work here is very well coordinated. The employees have firm contracts and are truly competent. If necessary, I will also send them to further training. I would like to motivate them to continue to work so well. Therefore I am planning to increase the wages. If the quality of our work is appreciated, the revenue will increase. All efforts and hard work from the employees are paying off.“



5.4. Further support to implementing agencies and involving financial institutions

Standard Capacity Development measures have been described above. They comprise the introductory or onboarding workshop to get all stakeholders including project management into the boat and make them fully understand the Loop and its implementation requirement. They also comprise investment into human resources, i.e. trainers' and coaches' competencies through ToTs and ToCs including on-the-job coaching of trainers/ coaches, optional advanced training programmes for trainers and coaches and a trainers/ coaches certification scheme.

Beyond this, the Loop implementation might prove the need for additional support, particularly with a view to upscaling and sustainability of the interventions. This could be provided based on the capacity assessment done earlier and its updating in an iterative process.

Provision of support based on capacity assessment (above: CD), with two objectives:

MQS

- Enabling IAs to implement the Loop effectively and efficiently
- Working towards sustainability

Access to finance is a bottleneck for SME development. SME surveys regularly come up with lack of finance as the major problem of SMEs. However, entrepreneurs also tend to confound cause and effect here. Lack of finance can be the result of underlying causes such as management practices, market challenges as well as the cause preventing the business from growing. As a result, microfinance and SME finance technologies, programmes and institutions has emerged. Informal finance such as family support is also a major source of micro and small enterprise financing.

The SME Loop is not there to enforce business loans. But like any good SME development programme, the Loop needs to facilitate links between SMEs and financial actors and enable enterprise financing mechanism. Entrepreneurs define this as their preferred option. At the same time, not all participating entrepreneurs are looking for external funding. Moreover, not all offers by financial institutions and microfinance programmes help SMEs to grow. In particular, high interest rates can be potentially borne by trading enterprises with quick working capital turnover and can easily ruin processing enterprises. So getting loans is not necessarily something good by itself, it needs to be put in the frame of the business strategy and the entrepreneur's options. Here, the SME Loop can help.

In practice enabling enterprise finance can work through cooperation with financial sector actors of various kinds (banks, SME and microfinance programmes, venture capital providers, etc.) and through maximising interaction between Loop participants and the financial sector.

Integration of at least 4 of the following processes into the SME Loop:

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- Involving banks in presenting lending programmes during training
- Organising Business Plan (BP) presentation during coaching
- Access to finance module in Training 2
- BP presentation during Graduation Ceremony
- B2B meetings between entrepreneurs and financial institutions during or after Graduation Ceremony
- Access to finance coaching and or training after Graduation Ceremony
- Pitching event with investors (venture capital)



CHAPTER 6

LOOP COMPLETION AND BEYOND

6. LOOP COMPLETION AND BEYOND

6.1. Graduation Ceremony

This is the final day of the course. In the morning the entrepreneurs present their BIPs. Various business financing and small business granting institutions join the event. They assess the individual BIPs using the given forms and provide feedback on viability and business finance requirements at the end of each presentation.

The SME Loop trainers facilitate the presentation on one to one basis and process the experience into learning outcomes and wrap up the SME Loop training and coaching services.

In the afternoon it is time for the Graduation Ceremony. After a long journey, it is time to celebrate the successes. The entrepreneurs have spent about six months of their precious time to listen, discuss, argue, try out, adapt, and hopefully succeed in integrating some aspects they have experienced into their business. Certainly, first results are already visible. This ceremony is meant to recognise and value these achievements by handing out their certificates of success in an official ceremony with representatives from the programme, strategic partners and service providers. At the same time this day shall provide room for exchange between the participants including a slot for a self-evaluation: Where do I stand now? Which the strengths have I developed and on which I can build my enterprise? Which of my competencies can I still improve?

Marking the official end of the cycle and hence the end of the continuous support from the programme, this day shall allow for an evaluation with regard to the achievement of set programme objectives for the Loop.

We propose to plan for a one-day event (6 hours) for the ceremony. It might be structured as follows:

1. Introduction
 - Opening words (political partner and/or strategic partners)
 - Presentation of objectives and programme
 - Looking back on the Loop journey travelled together for the last six months
2. Structured exchange of experiences
 - Peer-to-peer (participants, coaches, trainers)
 - Self-evaluation of the participants
 - Testimonials from participants
3. Evaluation of the Loop cycle
4. Time for discussing future networking, staying connected
5. Time for talk of participants, trainer, coach, GIZ staff etc.
6. Graduation Ceremony: Handing over of certificates
7. Official closing remarks (GIZ programme, partner)

In between or after the closing remarks, you may want to offer lunch, a snack, or any other form of catering.

- Entrepreneurs who have attended all trainings and coachings and completed at least 75% of their Enterprise/ Entrepreneurial Development Plans get a certificate of successful completion of the SME Loop.

- Duration: up to 1 day

- Coaching 3: Identify needs and incentives for further coaching among participants

MQS



PRACTICAL INSIGHT

BLANDINE MONTCHO

SOYA PROCESSING

January - July 2017

Bohicon | Benin

„After my training I saved some money and started with the processing of soya. With increasing sales I was also able to take on the processing of fruits and the production of biscuits as well as many other products. I was able to do that by learning how to manage my business properly.”

6.2. Measuring

SME Loop monitoring has been discussed above. It involves

- Decisions on what to measure and on monitoring and data entry and processing strategies
- Collection of baseline data through assessing participating enterprises
- Monitoring of service providers' performance and Loop progress
- Monitoring of results and impacts.

Collecting and processing data is a continuous process accompanying the Loop. It serves the purposes of informing management and the participants of the steering structure, so to enable management and steering interventions, and documenting Loop results.

While process data are collected and processed continuously, results in terms of enterprise change obviously require some time. They can be measured at different stages, depending on what you would like to know. For a substantial impact on the business, nine to twelve months from the start of Training 1 are an adequate period of time.

MQS

- Documentation of results, lessons learnt, and self-evaluations and incorporation into the implementation of the next Loop cycle.
- Processed M&E results are available not later than 12 months after start of a SME Loop (= Training 1).

6.3. Sharing learnings

In addition to steering, the results of monitoring shall feed a learning process that should take place at different levels:

1. Learning shall take place at the level of the participants. Monitoring information shall be fed back to the participants so that they see if and where they make progress and where they need to increase the efforts to meet the individual objectives. Additionally, during peer-to-peer events, the participants exchange about their experience, failures and achievements. By doing so, they can motivate and inspire others with new ideas and objectives. Trainers, coaches and service providers that participate in these exchange events also gain insights about successful experience and can integrate this in their respective work.
2. The programme shall regularly invite service providers, trainers and coaches to reflect about the implementation of running Loop cycles. It shall help to adjust if necessary during the current process but also allows for discussion about improvements for the forthcoming cycle or your Loop approach in general. This might include aspects like refining the boundaries of the Loop, changing the modes of delivery, adapting the implementation process, reshaping templates and formats for monitoring, etc.

3. Learning needs to take place within the programme as well. The programme has the overall responsibility for the Loop and takes strategic decisions together with its main partners with regard to the Loop design, its continuation, scaling up, institutionalisation or termination. Monitoring information and the analysis of the monitoring data shall provide information that is relevant for this steering process of the SME Loop.
4. Next to this, learning from the Loop supports the steering of the overall programme as well. The interdependence between the Loop and other interventions of the programme may lead to adjustments of the Loop design and its implementation or contribute to adjustments of other programme interventions.

Documentation and sharing of SME Loop results and lessons learnt in the stakeholder community through discussion papers, publications and discussion events.

MQS

Sometimes we are too modest to show what we have achieved. If you are convinced that the SME Loop has proven to be a value to business women and men, then you shall be proud of it. Share it with your colleagues, share it with your partners, share it with GIZ, and share it with the grand public.

The Loop offers you all necessary information. The business profiles, for example, may serve as testimony for successful business development. The assessment form and the monitoring data provide what is needed to showcase figures. Peer-to-peer learning formats can be used to make videos about successful ideas and business models that can be shared in various forms.

Within the community of GIAE or in the various sector networks you will certainly find interested people that think about using the SME Loop themselves. But you do not even need to look so far to find the persons eager to listen to your experience. Integrate your knowledge and your experience into the programme meetings. Present your achievements to your partners and donor working groups to integrate the experience of the SME Loop into the national and/or sectorial policy dialogue.

Lastly, we invite you to share your insights, learning, success stories with us: ralf.barthelmes@giz.de.

APPENDIX

Attached to this document are further materials that shall help you to implement the SME Business Training and Coaching Loop. Since the handbook in itself is already quite large we decided to provide links to these materials.

ANNEXE 1: SME Business Training and Coaching Loop - Coaching Guide

ANNEXE 2: SME Business Training and Coaching Loop Minimum Quality Standards (MQS)

ANNEXE 3: Example of AgBAIT content as an optional module within SME Business Training and Coaching Loop

ANNEXE 4: SME Business Training and Coaching Loop Standard Training Materials

ANNEXE 5: SME Business Training and Coaching Loop Capacity Development Manual

ANNEXE 6: SME Business Training and Coaching Loop Factsheet

ANNEXE 7: Templates and further readings

If you don't have access to DMS, please contact ralf.barthelmes@giz.de.