

Development and Incubation of Rural Micro-enterprises.

By its very nature, industrial development in Latin America over the last three decades has created a gap between large companies and their smaller, informal sector counterparts. The gap widens despite the fact that both groups rely on the same pool of human resources. The gap does not account for the value of small and medium-sized businesses in generating employment and creating technological innovation. The gap can be attributed, however, to unequal access to capital. Small and medium sized enterprises are less informed and less organized in terms of obtaining credit where credit exists or entirely are out of the purview of credit making organizations.

CCPS

Between 1999 and 2001 the Inter-American Foundation committed US \$50,000 to the Santiago Chamber of Commerce (CCPS). Additional funding from CCPS and various institutions totaled US\$ 214,222.

*The scope of CCPS's activities goes beyond IAF funded projects.

Entrepreneurs and Members of the Community Joining of Efforts.

The Santiago Chamber of Commerce and Production (CCPS) is a leader among businesses and entrepreneurs devoted to commerce in Santiago, the second most important city in the Dominican Republic. It is a private, 800-member organization whose mission is to promote the development and stability of economic activities in the Dominican Republic, with particular emphasis on enhancing Santiago's well being and progress. To ensure it meets its mission, CCPS provides a wide range of legal, informational, relationship management and other services to businesses and entrepreneurs in the area.

Micro Enterprise Incubation.

Since its inauguration in 1914, CCPS has consistently attracted the most distinguished entrepreneurs and businesses in Santiago. In 1994, the organization considering tapping into its social capital to help train micro-entrepreneurs and launched the "*Project for the Development and Incubation of Microenterprises*" in the Cienfuegos District of Santiago. Planned as a two-year program, the Program involves strategic alliances between private sector entities and community organizations. Specifically, CCPS provides technical and advisory assistance for small manufactures and entrepreneurs in the region.

In addition to technical assistance, CCPS saw a need to create market access for these entrepreneurs. As a result, every year CCPS hosts one of the country's most important Business Fairs, Expo CIBAO. The fair provides an opportunity for representatives of different economic sectors in the Dominican Republic and abroad to promote their products and services. The Expo also awards a prize to the most promising micro entrepreneur in an effort to promote the spirit of entrepreneurialism.

Center for Youth and Culture.

Based on its solid reputation as a community development organization, CCPS encouraged the Center for Youth and Culture (CJC-De la Salle) to participate in the *“Project for the Development and Incubation of Microenterprises.”* CJC is recognized as a comprehensive education and community development institution in the Cienfuegos community in Santiago. A Catholic organization run by the Brothers of La Salle, CJC is comprised of a Board of Directors and managed by a consultative meeting of the local neighborhood organizations. Volunteers from the community of Cienfuegos manage the day-to-day operations of the Center.

For over 18 years, CJC has implemented various community programs to include: handicraft workshops, a medical services unit, an industrial machinery workshop, a community library, training of community advocates, the *Cienfuegos Newspaper*, a community health program, family assistance, and cultural initiatives. In partnership with CCPS, CJC has now become a medium for positive change in the local Cienfuegos community by providing formal links to the local private sector.

Fruits of the Strategic Alliance.

Under the *Project for the Development and Incubation of Microenterprises*, the initial collaboration between CCPS and CJC resulted in 186 micro entrepreneurs being trained in administrative management and accounting. Micro entrepreneurs that participated in the program were able to improve their small businesses. More importantly, these micro entrepreneurs were now eligible to be considered as candidates for micro-credit which, in the Dominican Republic, requires an applicant to have a minimal degree of business training.

With the understanding that technical assistance would not only help the entrepreneurs improve their business but, more importantly, provide them with the necessary endorsement to receive credit, CCPS and CJC looked to further formalize the program. They established a working relationship among several organizations: the Center to Support Micro and Small Enterprises (CAMPE) within the Technological Institute of Santo Domingo (INTEC), the Santiago Development Fund and the Dominican Association for the Promotion of Women, Inc. (ADOPEM), one of the regions principal credit organizations. Both CAMPE and ADOPEM brought the combined technical skills related to growing micro enterprises and providing access to credit that would allow the micro entrepreneurs of Cienfuegos to flourish. To date, ADOPEM has made US\$81,152 in loans to thirteen micro entrepreneurs trained by the project.

Based on this initial partnership, CCPS and CJC were able to quantify the project impact. They concluded that 84% of the project's beneficiaries enjoyed a significant improvement in their quality of life as a result of better business management practices. Moreover, 48% of the micro entrepreneurs trained currently have on-going businesses that are profitable. It has always been important to CCPS that the participants see an improvement in their quality of life and develop a business awareness that helps them manage their small enterprises better, with a view to stimulating the City's commercial sector. Also, CCPS looks forward to these micro entrepreneurs becoming CCPS

members with first hand experience on how to expand and strengthen the City of Santiago's productive and commercial sector.

Also through its partnership with CCPS, CJC has developed the institutional capacity to seek out other partnerships and organizational opportunities. Specifically, CJC established a Community Internet Services Center with support from the German Technical Cooperation Agency (GTZ). It has also participated in the Environmental Monitoring Program coordinated by the Center for Urban and Regional Studies (CEUR). CJC has also initiated a formal relationship with the U.S. Peace Corps volunteers who provided advisory assistance on business matters. Independently, CJC has established the Cienfuegos Association of Merchants to strengthen the local community's negotiating position vis-à-vis various actors.

Future of the Project.

Based on the success of this strategic alliance between CCPS and CJC, low-income micro entrepreneurs in Cienfuegos have demonstrably improved their lives and a second project will be implemented with IAF support. Specifically, the program will train an additional 150 micro entrepreneurs; offer technical assistance & follow-up from 40 local university seniors studying business subjects; and provide formal training by the National Institute of Technical-Professional Training (INFOTEP). The university students will act as adjuncts of the CCPS as they practice and transfer the knowledge gained through their college training. The decision to have students offer technical assistance in this new phase reflected the need to establish a closer relationship with the micro entrepreneurs. This new relationship will provide the micro entrepreneurs with consultation before formal training. CCPS and CJC realized that in order to really benefit from the formal training, the entrepreneurs needed one-on-one support so they would have a greater understanding of the particulars of their own business to apply in the training.

CCPS and CJC continue to prove their ability to bring efficiency, empowerment, and sustainability to the Cienfuegos entrepreneurial community. They understand that the project needed to be adapted to local conditions. To date, they have encouraged the participation of other parties, students in this case, to transfer the specific follow-up and advisory assistance activities for the micro entrepreneurs before providing the formal training component, CCPS' comparative advantage.

Relationship with the Inter-American Foundation (IAF)

The CCPS and CJC identified the IAF as potential partner as CCPS considered how to strengthen its CSR strategy. IAF's significant experience in bridging the gap between the private sector and community development organizations led CCPS to propose a partnership.

The total investment for this joint initiative was US\$264,222, of which CCPS contributed US\$46,202; the IAF contributed US\$50,000 and CJC, the beneficiaries, and other businesses contributed a total of US\$168,020. INFOTEP made a significant in-kind contribution in training the micro entrepreneurs.

Lessons Learned:

- The success of a strategic alliance is based on a clear definition of roles, an atmosphere of mutual trust, and a transparent system of rendering accounts.
- Civil society plays an important role as interlocutor between the business sector and the communities, as it is close to the community and can articulate its needs;
- The success of a CSR project is guaranteed to the extent that its actions are directed toward the identified local needs.

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