BUSINESS AS UNUSUAL
OXFAM’S ENTERPRISE DEVELOPMENT PROGRAMME
Oxfam presents an unusual opportunity to support commercial ventures with real potential in developing countries. The Enterprise Development Programme (EDP) gives you the chance to help thousands of people work their way out of poverty.

“Oxfam is developing a blueprint for promoting and investing in small and medium enterprises in the most marginalised parts of the world.”

Vincenzo Morelli,
EDP Board Member and Partner Emeritus, TPG Capital
INTRODUCING EDP

EDP is a pilot programme adopting a private equity approach to building sustainable businesses, by strengthening them and helping them to grow. We invest where others don’t and where the potential for social impact is highest.

With your support, Oxfam provides an intelligent mix of loans and grants to small and medium enterprises throughout developing countries, enabling people to work their way out of poverty.

But it’s not just about providing capital. It’s about identifying business opportunities and helping entrepreneurs develop and implement viable business plans. It’s a pioneering, business-based approach to development.

EDP is unique, and it is transforming lives. It combines Oxfam’s international presence and development experience with the commercial skills of successful entrepreneurs and experienced investors. It creates opportunities and drives change in poor communities. Crucially, it helps many thousands of people – especially women – to work their way out of poverty.

“Now I don’t need to wait for the money that my husband sends from India. I am capable of handling all the household expenses from the income from vegetable seeds. I will invest my income to expand my seed production in the coming year. My children take private tuition classes these days.”

Nirmala Dangi, Pavitra Cooperative Treasurer and Member, Nepal

POSITIVE GROWTH

Emelina Domínguez waters broccoli in Honduras. She’s part of an EDP-supported all-female co-operative which means she can export her produce to the main cities in Honduras.
FOCUSING ON BUSINESS

The aim of EDP is to support poor people so they can make the most of real commercial opportunities for their businesses.

With this in mind, EDP supports its constituent enterprises in a number of ways, including:

• Providing loans, grants and bank guarantees for investment in capital equipment and working capital

• Allocating a local mentor to help with day-to-day business disciplines

• Advising on improvements to the quality of inputs, cultivation methods, production processes and product quality assurance

• Advising on the development of an effective sales strategy (for example, developing sustainable trading relationships across the value chain and improving negotiation skills)

• Working with the management to create opportunities for vulnerable groups, especially women

• Using Oxfam’s networks to influence local, regional and national institutions and businesses

• Providing technical assistance to enable diversification into more profitable product areas

• Building capacity in marketing (for example, brand development and packaging).

“EDP aims to develop people’s business skills, help communities to access markets, and ultimately enable businesses to become sustainable.”

Penny Lawrence  Director, EDP
In Dadeldhura, Nepal, EDP is supporting the seed business of a local farmers’ cooperative. We are helping the cooperative to scale up its operations, transport fresh vegetables, and reach out to new markets.

Photos: Jisu Mok/Oxfam
Oxfam has recently begun working with an enterprise in Bangladesh. This business aims to grow and sell 300 tonnes of chilli by 2015, and to reach 1,500 chilli producers.
THE EDP APPROACH

Agriculture – where potential is highest
The majority of poor people still live in rural, remote areas and depend on farming to survive. Studies have shown that investing in small-scale agriculture delivers more – in terms of reducing poverty – than other sectors. At the same time, food and agriculture sectors offer high growth opportunities.

We are also exploring other sectors with high economic and social potential – especially in rural areas – such as renewable energy.

Women – maximising impact
Women in rural areas don’t get the same opportunities as men, even though they are business-savvy, and do most of the work on the farm and in the home. Women tend to have responsibility for family welfare, which means they’re more likely to spend their income on family priorities such as health, education and food.

Small and medium enterprises (SMEs) – the missing middle
Whilst microfinance offers a great opportunity to develop a first business activity for many, evidence suggests that it is not the most effective way to reduce poverty and drive economic growth in the long run. EDP helps promising businesses to reach SME size, so they can more easily ensure market access for thousands of farmers while also achieving economies of scale.

“We estimate that Oxfam’s support to Pavitra will economically and socially transform the lives of more than 1,050 women and men in rural Nepal.”
Heema Khadka
Local Oxfam Programme Co-ordinator, Nepal

Oxfam is helping farmer co-operatives to improve processes, increase production and diversity into new product areas.
HOW EDP WORKS

From the Board to smallholder producers, and through local experts and mentors, EDP adopts a rigorous, private equity approach to create sustainable rural enterprises that deliver tangible social benefits.

The EDP Board provides both direction and financial oversight, shaping EDP’s long-term strategy and making informed decisions concerning specific businesses. Board members also support fundraising activity on an ongoing basis.

The EDP Investment Committee (IC) of experts analyses potential new EDP investments, assesses the risk and return of each proposal, and makes considered recommendations to the Board. For enterprises that join the programme, the IC supports EDP Management in monitoring and improving the viability of portfolio enterprises.

The EDP Management comprises the EDP Manager, the EDP Business and Finance Adviser, the EDP Officer, and two regional EDP Coordinators in Asia and Latin America. The team manages the programme and portfolio of investments on a day-to-day basis, and is supported by specialist advisers and country-based staff.

Oxfam local staff on the ground identify opportunities, maintain weekly contact with the enterprises and manage relationships with all other local partners.

Oxfam advisers. All EDP enterprises benefit from the support of specialist global and regional staff, covering issues such as business development, environmental risks and gender equality, as well as monitoring and evaluation.
**Business mentors** are allocated to each enterprise, depending on their needs. Oxfam works both with local experts and international organisations such as Challenges Worldwide, which provides experienced business mentors.

In every country, Oxfam works with **local partner organisations** which provide technical and agricultural advice to the enterprises as well as farmers. In particular, Oxfam partners with local financial intermediaries to provide loans to EDP enterprises, with the view of developing a positive track record and sustainable relationships.

Each **Enterprise** is led by an Enterprise Manager who is supported by specialised staff working on marketing, production, finance and other industry-specific key areas. The manager reports to an enterprise board which, if the EDP enterprise has a cooperative structure, will be formed mainly by local farmers.

Producers receive support from EDP through the enterprise and the cooperatives; for example advice and training on farming techniques, or small loans. Oxfam also provides, either directly or through local partners, training on gender equality and empowerment in order to ensure that social and economic benefits go hand in hand.

“*The main achievement was that the board and local management learned how to complete their own business plans, rather than having a consultant to do this. They now own their plan, and will work much harder to achieve the planned results.*”

Joe Beale, Consultant at Challenges Worldwide and former Business Mentor to Assosa Farmers’ Enterprise in Ethiopia.
THE PRODUCTS

You can support all kinds of small businesses which are growing, selling, processing and marketing a whole range of products.

NATURAL FOODS
In the Occupied Palestinian Territories, EDP is helping The New Farm Company to process and market natural foods such as olive oil, grape molasses and dried tomatoes. The products are distributed through supermarkets in the West Bank, and exported to Saudi Arabia and Jordan.

CHILLI
Chilli is the main cash crop in Gaibandha, Bangladesh. We are helping chilli farmers in the area to increase their production of dry, green, and powder chilli to sell on local markets.

SISAL
Sisal is suited to dry climatic conditions and has a growing market. Despite the global recession, EDP-supported co-operatives in Tanzania have increased output and improved their profit margins.

MUSHROOMS
A growing demand for mushrooms has been identified by an EDP-supported enterprise in Rwanda. Mushrooms are suitable to local climatic conditions, and can be cultivated near homes, throughout the year, with little land or labour.

HONEY
Beekeeping is an important economic activity in Ethiopia, employing up to two million people. However, the yield and quality of the honey is low, as people use out-of-date methods. EDP will help beekeepers to update their beehives and processes.
JAM
We are working with Lchkadzor Consumer Cooperative in Armenia to sell jam made from wild berries and orchard fruits, including cherries, strawberries, figs, and peaches.

MORINGA
The moringa leaf has many health benefits, and there is a growing demand for its use as an ingredient in meals, as a herbal medicine and as a dietary supplement. Working closely with a major supplier of plant-based pharmaceutical products, our investee business is seeking to exploit this growing demand.

SEEDS
In Nepal, the production of vegetable seeds makes the best possible use of the limited cultivable land. Seeds also produce higher financial returns than cereal crops, and require less water and fertiliser than vegetables.

DAIRY PRODUCTS
Dairy is a popular sector for EDP – we’re supporting dairy producers across Colombia, Pakistan and Sri Lanka. We’re helping them to access markets, and diversify with products such as ghee, toffee, yoghurt and ice cream.

OIL
Vegetable oils are an essential part of local diets in Ethiopia and seed-based oils – such as sesame – are especially valued. The enterprise that EDP supports in Ethiopia has identified an opportunity to start processing seeds into oil for sale in both the food and cosmetics markets.

FRUIT AND VEGETABLES
EDP is supporting fruit and vegetable growers in Honduras. We’re helping them to improve quality and increase production yields of vegetables such as broccoli, potato, cabbage, carrot and cauliflower.
THE EDP INVESTMENT PORTFOLIO

Oxfam’s broad global presence provides EDP with unparalleled opportunities to support a diverse range of small and medium enterprises and markets across the world.

- **Funding target**: £5.2m
- **Secured funds**: £4.6m
- **Committed to enterprises**: £3.6m
- **Disbursed to enterprises**: £2.8m

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**HONDURAS**
Aproalce, a producer-owned cooperative: Fresh fruit and vegetables
- £176,000

**COLOMBIA**
Alliance of three enterprises (Ascamp, Cooproler, Asoinpa): Fresh milk
- £167,000

**OPT**
New Farm Company: Palestinian food products including olive oil products
- £382,000
**ETHIOPIA**
- Assosa Farmers’ Enterprise: Oil
  - £427,000
- Zembaba Honey and Inputs Marketing: Honey
  - £255,000

**PAKISTAN**
- Chenab Dairy Enterprise: Fresh milk and Dairy Products
  - £207,000

**NEPAL**
- Dadeldhura Farmers’ Cooperative Society: Vegetable seeds and fresh vegetables
  - £174,000
- Pavitra Jankalyan Agriculture Cooperative: Vegetable seeds
  - £167,000

**BANGLADESH**
- Chilli Traders’ Enterprise of Fulchari: Dry chilli
  - £143,000

**PHILIPPINES**
- Libas Farmers Multi-Purpose Cooperative: Moringa leaves for use by pharmaceutical and food sectors
  - £116,000

**SRI LANKA**
- Union of Livestock Breeders’ Cooperative Societies: Milk, yoghurt and other products
  - £125,000

**ARmenia**
- Lchkadzor Consumer Cooperative: Processed food and vegetables
  - £178,000

**TANZANIA**
- 15 ‘raspadora’ (sisal-fibre processor) firms: Sisal fibre
  - £152,000

**RWANDA**
- BN Producers: Fresh and processed mushrooms
  - £78,000
KEY LEARNINGS

Every business has its successes and challenges. To ensure that all of our enterprises can grow and fulfil their potential, EDP strives to continually learn and adapt in order to improve outcomes for each enterprise. Here are some of our key lessons so far.

**Disburse funds** against key milestones, to encourage commercial behaviour.

**Understand the barriers** that women face to joining the enterprise – and act on them.

Hard as it may be to find in remote areas, a **minimum level of leadership and management capacity** must be in place from the start.

If new production or manufacturing technologies are needed, **bring in the experts, wherever they are**. Money invested at the outset saves time and cost at a later stage.

Integrate in the business plan an **analysis of environmental risks and mitigating strategies**.

Consider selling through an **experienced buyer as a first stage**, but line up a back-up plan too.

**Build in sufficient fund management and mentoring support**; this is intense, hands-on work.

If supporting the enterprise alongside other donors, make sure **interests are compatible**.

**Make realistic assumptions** about how quickly the enterprise can grow.

**Create a contingency fund** that is ready to be used in the case of unforeseen challenges.

“With the support from EDP, our organisation has grown as an enterprise. Our productivity has increased and our accounting system has improved – allowing us to take informed decisions, especially when dealing with buyers.”

Armando Santos
Manager of Aproalce
Wubalem Shiferaw is part of the Mecha Village Co-operative in Ethiopia. With support from EDP, she’s been able to use modern beekeeping techniques to significantly increase her honey yield and boost her family’s income.
GET INVOLVED

Join EDP today and make this ambitious and innovative investment programme a commercial reality and blueprint for others to follow.

EDP is already changing lives. We’re helping people to create profitable and sustainable businesses so they can work their way out of poverty - and we want to do more.

To make a difference, we need the ongoing support of companies, charitable trusts, and private individuals.

As an EDP supporter, you will receive ongoing reports and the opportunity to mentor and visit an EDP enterprise.

Whilst your financial support is a philanthropic donation, all repaid loans are fully re-invested across the EDP portfolio.

Watch EDP’s investment grow into something special – real change in the lives of people facing poverty.

“I feel we’re on to something big. The passion I see in all the countries I visit keeps me hugely motivated.”

Hugo Sintes
Manager, EDP

ASSOCIATE
£10,000pa for three years.
For a higher-rate tax-payer this could equate to as little as £500pcm. EDP Associates receive the official EDP Annual Review and interim reports.

PARTNER
£50,000pa for three years. In addition to the Annual Review and interim reports, EDP Partners have the opportunity to advise an enterprise, visit a programme, and attend committee meetings as observers.

BOARD MEMBER
£200,000pa for three years. In addition to the benefits enjoyed by Associates and Partners, EDP Board Members have the opportunity to influence EDP’s strategy at board meetings, helping to decide which enterprises join the portfolio.

Photo: Nigel Willmott
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“Oxfam’s global reach ensures a strong pipeline of enterprises seeking EDP support. I have been particularly impressed with the range of ideas and the sophistication of the applications.”

David Gait
Maitri Trust, and EDP Board Member

ROOM FOR IMPROVEMENT
Renata Muteteri started a company to produce tubes for growing mushrooms to sell to local women in Rwanda. Supported by EDP, the enterprise means women have opportunities to grow and sell mushrooms close to home – dramatically increasing their income.
EDP Board
The EDP Board provides both direction and financial oversight, shaping EDP’s long-term strategy and making informed decisions concerning specific businesses. Board members also support fundraising activity on an ongoing basis.

Penny Lawrence
EDP Director,
International Director, Oxfam

Joss Saunders
EDP Chair, Legal Counsel and Company Secretary, Oxfam

Vincenzo Morelli
TPG Capital, founder

Alan Nesbit
Maitri Trust, founder

Jo Barnett
Chief Executive, Virgin Money Giving

Sandy Arbuthnot
Private supporter

Ursula van Almsick
Private supporter

Gavin Stewart
Private supporter, Investment Propositions Director, Lloyds Banking Group, Trustee of Oxfam

Investment Committee
The EDP Investment Committee of experts analyses potential new EDP investments, assesses the risk and return of each proposal, and makes recommendations to the Board. For enterprises that join the programme, the committee monitors performance and risk, whilst supporting development in order to ensure ongoing commercial viability and sustainability.

Chris West
Shell Foundation

David Irwin
Irwin Grayson Associates

David Pitt-Watson
Private supporter and Treasurer of Oxfam

Rachel Crossley
Broadwaters

David Bright
Head of Economic Justice Programming, Oxfam

Nicholas Colloff
Director, Strategy and Innovation, Oxfam

“EDP provides a very unusual opportunity to combine commercial disciplines with Oxfam’s unrivalled experience of the world’s most challenging locations. I was particularly excited by the opportunity to use my management experience to help shape the direction of EDP in its early years.”

Sandy Arbuthnot
EDP Board Member
Kalpana Oli weeds her radish fields in Nepal. She knows that she will sell the radish seeds she produces to the Pavrita Farmers’ Co-operative at a guaranteed price. It’s life-changing security for Kalpana – and it’s all part of an innovative, EDP-supported seed production project.

IT SELLS TO BE DIFFERENT
Oxfam’s Enterprise Development Programme uses a private equity approach to support small and medium enterprises in the developing world. Through strategic investments in sustainable businesses, EDP presents you with the chance to help thousands of people work their way out of poverty.

www.oxfam.org.uk/edp
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