

UNITED NATIONS CONFERENCE ON TRADE AND DEVELOPMENT

In 1995, Pauly Apea-Kubi founded Ebenut, a firm to dry and package as snack food the tons of surplus fruit left over after farmers in Ghana completed their harvests. In 1996, she took UNCTAD's 10-day Empretec training course for entrepreneurs, and based on what she learned, the business began to grow rapidly. Ebenut now has 15 full-time and 20 part-time employees in Accra, Ghana, where many urban residents need jobs. Sapphira Nyabunwa, who took the Empretec course in Uganda, founded Safi Cleaning Services Limited in the capital city of Kampala. The company now has 800 employees who do cleaning work for businesses throughout Uganda. Many of these employees are youths from disadvantaged backgrounds.



## The «missing middle»: supporting entrepreneurs in developing countries

Economists who study developing countries have long been concerned about what they call the «missing middle.» The world's poorer nations frequently have large businesses (often connected with the government or with transnational corporations) and very small, informal businesses that are not legally established, don't pay taxes, and don't necessarily follow laws and safety regulations.

What is missing are standard, legally incorporated medium-sized enterprises -- businesses that have 80 or more employees -- and smaller, officially established firms that may grow into mid-sized firms over time. (Small- and medium-sized enterprises are often called SMEs.) Such firms play a surprisingly vital role in a nation's economic health. SMEs make up some 95% of businesses in industrialized countries, where they provide the majority of jobs, account for one-sixth of manufacturing, and supply one-fifth of exports. Many SMEs are in cities -- a matter of importance in the developing world, where a massive migration is under way from rural to urban areas. And SMEs tend to be competitive and creative: often they are where new ideas and products are born.

These small companies offer something else as well: dreams and hope. An economic «culture» where people see that it is possible to start a business and thrive is a culture where people realize that ambition, ideas, and effort can lift families and communities out of poverty.

The Empretec programme, which began in 1988, now has trained some 150,000 entrepreneurs through UNCTAD-supported Empretec centres in 27 countries in Africa, Asia, and Latin America. Empretec graduates have started and/or expanded thousands of SMEs and have created hundreds of thousands of jobs.

## The UNCTAD Empretec method

The standard Empretec training workshop is a 10-day course for which the average cost per student is US\$200-300, although these fees are sometimes subsidized. Most classes have 25-30 participants. Empretec centres in different countries are co-sponsored by domestic institutions such as national business associations, government agencies, or private firms. Following a formal request to UNCTAD from a member State, UNCTAD installs the programme in cooperation with the host institution. The intent is for the centre to become self-supporting from tuition and other domestic sources of funds within three to five years.

The course's methodology was developed by David McClelland of Harvard University. Prof. McClelland carried out intensive interviews of successful entrepreneurs and identified 10 key «competencies» which are emphasized in the course:

- 1 opportunity-seeking and initiative
- 2 persistence
- 3 fulfilment of commitments
- 4 demand for quality and efficiency
- 5 calculated risk-taking
- 6 goal setting

- 7 information seeking
- 8 systematic planning and monitoring
- 9 persuasion and networking
- 10 independence and self-confidence

Course instruction is in simple, positive language. For example, the section on «opportunity-seeking and initiative» is introduced as follows: «An entrepreneur is someone who seeks opportunities. Where other people see problems, entrepreneurs see opportunities and take the initiative to transform these opportunities into profitable business situations.»

In some cases, the basic Empretec course is shortened to six days or four days.

Continuing education also is an important part of the programme. In addition to the basic course, instruction is offered to support graduates who have started businesses. Ms. Apea-Kubi of Ebenut Ghana, for example, has taken follow-up courses in accounting and management, quality management, and packaging.

Empretec graduates stay in contact through their national centres and often meet to discuss challenges, share ideas, and provide mutual support.