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# **Católica MOVE in Sao Tome and Principe**

## **Insightful strategic challenges**

Exploratory research concerning the organization's presence and performance in Sao Tome, its mission and activities alignment, and the strategic perspective from the programme's evolution

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## **ABSTRACT**

Title: Católica MOVE in Sao Tome and Principe

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The present dissertation research invites thinking about foreign aid effectiveness, entrepreneurship and social sector's action in developing countries, all addressing sustainable development. It focuses on the nongovernmental organizations' potential as intermediary agents for change, as well as on the increasing pressure towards their partial or total autonomy while becoming more financially viable and achieving higher social impact.

The literature review addresses foreign aid issues, entrepreneurship as a worthwhile solution to build on developing countries' sustainability, the evolution of the role of NGOs in the social sector and the promising future of social entrepreneurship. The Católica MOVE in Sao Tome and Principe case study aims to allow an insightful perspective of an NGO in a small African developing country over almost three years and six *fellow* teams, by presenting its different dynamics and activities. The teaching notes suggest approaching the case study by analyzing and discussing its programme's strategic evolution in light of the country's context. Brainstorming around to target a higher financial viability and social impact are suggested. The case study analysis suggests the organization's increasing visibility and credibility have been emphasizing its positioning in the field through mission and activities' alignment and coherency.

## **RESUMO**

Título: Católica MOVE em São Tomé e Príncipe

Subtítulo: Desafios estratégicos perceptíveis e inspirativos

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A dissertação apresentada convida a reflectir sobre a efectividade da ajuda internacional, empreendedorismo e acção do sector social nos países desenvolvidos, em abordar o desenvolvimento sustentável. Esta destaca o potencial das organizações não-governamentais como agentes intermediários da mudança, e também a crescente pressão relativamente à sua parcial ou total autonomia, enquanto conseguindo uma maior viabilidade financeira e alcançando maior impacto social.

A revisão de literatura esclarece os pontos relativos à ajuda internacional, ao empreendedorismo como solução credível e capaz na construção de sustentabilidade nos países em desenvolvimento, ao papel das organizações não-governamentais no sector social e esclarece também quanto ao futuro promissor do empreendedorismo social. O estudo de caso da Católica MOVE em São Tomé e Príncipe visa dar uma perspectiva perceptível e inspirativa do trabalho de uma organização não-governamental num pequeno país africano em desenvolvimento em quase três anos de actividade e seis equipas de *fellows* através das suas diferentes dinâmicas e actividades. Nas notas dedicadas ao ensinamento do caso, é sugerida uma abordagem de análise e discussão da evolução estratégica do programa à luz daquele que é o contexto do país. É também sugerido que sejam discutidas e lançadas ideias sobre as possibilidades que a organização tem em conseguir uma maior viabilidade financeira e um maior impacto social. A análise do caso de estudo sugere que a crescente visibilidade e credibilidade da organização tem vindo a enfatizar o seu posicionamento no terreno através de um alinhamento e coerência entre a sua missão e as suas actividades.

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For the friends I made in the field of Sao Tome, and those that are friends for long.

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## **LIST OF ACRONYMS**

<b>AfDB</b>	African Development Bank
<b>CSR</b>	Corporate Social Responsibility
<b>CPI</b>	Consumer Price Index
<b>CSOs</b>	Civil Society Organizations
<b>DAC</b>	Development Assistance Committee
<b>FDI</b>	Foreign Direct Investment
<b>FONG-STP</b>	Federação das Organizações Não-Governamentais em Sao Tome and Principe
<b>GDP</b>	Gross Domestic Product
<b>GNI</b>	Gross National Income
<b>LDCs</b>	Least Developed Countries
<b>MFIS</b>	Monetary Financial Institutions
<b>MDGs</b>	Millennium Development Goals
<b>MOVE</b>	Católica MOVE
<b>MPI</b>	Multidimensional Poverty Index
<b>NGDOs</b>	Non-governmental Development Organizations
<b>NGOs</b>	Non-governmental Organizations
<b>NPOs</b>	Non-profit Organizations
<b>ODA</b>	Official Development Assistance
<b>OECD</b>	Organization for Economic Cooperation and Development
<b>SE</b>	Social Entrepreneurship
<b>SMEs</b>	Small and Medium-Enterprises
<b>SSA</b>	Sub-Saharan African
<b>WB</b>	The World Bank
<b>WFP</b>	World Food Programme

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## CHAPTER 1: INTRODUCTION

The aim of the current research is to underline the role that social sector, in particular NGOs, can play in promoting sustainable development in developing countries, but also mention that those same organizations have the possibility to become more sustainable themselves.

The dissertation is in the case study form, introducing the MOVE nonprofit organization in Sao Tome and Principe. In this particular field, MOVE has been experiencing a moment of shifting on its strategy towards a better alignment between population necessities, organizations' available and most effective tools for better impact, and also organizations' funding necessities. The key Research Question is to understand the organization's presence and performance in Sao Tome through understanding its mission and activities alignment and the strategic perspective from the programme's evolution by making use of exploratory research.

In chapter 2 – **Literature Review** – firstly, different perspectives on foreign aid are explored under the *Foreign Aid Effectiveness* topic; secondly, the foreign aid conclusions lead to the focus on the future sustainable development in developing countries, notably Africa, that might be based on an entrepreneurial culture, explored in *Entrepreneurship and Economic Development* topic; thirdly, in *Non-Governmental Organizations in Social Sector* the changing role of NGOs as part of social sector in supporting sustainable development over time is presented; and at last in *Changing the face of Social Sector*, as a response to the NGOs funding increasing pressures, the social entrepreneurship notion is introduced and managerial frameworks are proposed.

In chapter 3 – **Case Study** – is divided into three sub-topics: the first concerning MOVE conception and structure, the second focusing on the Sao Tome and Principe context and the third referring specifically to MOVE in Sao Tome and Principe, exploring the organization's mission and programme evolution in the field.

In chapter 4, – **Teaching Notes** – the author explains the main *learning objectives*, and reflects on the case study approach to be taken by the Professor in class by suggesting *teaching methods*, and *teaching notes and discussion*.

The last chapter is dedicated to **Conclusion, Limitations of the Study and Future Research**.



## CHAPTER 2: LITERATURE REVIEW

### Foreign Aid Effectiveness

#### **Foreign aid definition and system**

According to the DAC of the OECD, the standard definition of foreign assistance is “financial flows, technical assistance, and commodities that are (1) designed to promote economic development and welfare as their main objective (thus excluding aid for military or other non-development purposes); and (2) are provided as either grants or subsidized loans.”<sup>1</sup> The rationale behind foreign aid is humanitarian, political and economic.

International development is largely supported by the international aid flows system (Annex 1) that is based on ODA<sup>2</sup> and private voluntary assistance<sup>3</sup>. For the purpose of methodological studies around aid effectiveness, ODA and foreign aid are treated as the same thing as it is the key measure of aid performance.

#### **Aid-growth relationship**

There has been a serious discussion regarding the controversy of aid effectiveness. The main goal of aid programs is poverty reduction, which goes hand in hand with economic growth and development. For decades, economists have heavily discussed results on cross-country relationship between foreign aid receipts and economic growth. Meanwhile, the voluminous literature resulted in three broad and prevailing views on aid: (1) conditionally (under certain circumstances), aid induces positive growth; (2) there is a positive and unconditional causal relationship between aid and growth, usually with diminishing returns and (3) aid effect on growth is null (or negative).

Boone (1996) had the first most complete research regarding aid and growth subject, which pointed to an in-existent relationship between aid receipts and investment: aid programs were not correlated with the basic components that cause growth<sup>4</sup>. The most

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<sup>1</sup> Source: CGDEV, <http://international.cgdev.org/page/us-foreign-assistance-101>, viewed 23.10.2013

<sup>2</sup> ODA concerns loans and grants provided by donor governments to low- and middle-income countries

<sup>3</sup> Private voluntary assistance concerns grants e.g. given by non-governmental organizations, non-profit organization, foundations, charitable institutions, private donors

<sup>4</sup> In fact, large amount of aid is consumed or wasted rather than invested in development projects and thus contributes to the country's economic growth, and it has to do with *fungibility* phenomenon (aid is not used for the purpose intended by donors) and aid type (*contra*-Boone).

influential subsequent studies on aid-growth literature after Boone were Burnside and Dollar (2000), Hansen and Tarp (2001) and Rajan and Subramanian (2008), each on behalf of one of the three prevailing views on aid previously mentioned.

Burnside and Dollar (2000) argued that there is a positive but conditional relationship between aid and growth. Burnside and Dollar concluded that aid encouraged growth in countries with good policies, but not otherwise<sup>5</sup>. Hansen and Tarp (2001) found that there is an unconditional positive relationship between aid and growth. Hansen and Tarp studies actually do not conclude that aid has always worked, but aid has been associated with higher (rapid) growth on average across countries. However, there is empirical support of diminishing returns: as the volume of aid increases, the impact it has on growth tend to decrease. Rajan and Subramanian (2008) supported Boone with evidence that there is no relationship.

There are causes for the divergence between the academic findings. Clemens (*et al.* 2004) found that aid type matters<sup>6</sup> as supporting that different types of aid could have distinct growth impacts, in particular aid that is aimed directly at growth on average has a strong and positive impact on growth. Budget support and project aid concerning infrastructure and productive investments<sup>7</sup> are likely to have a short term growth impact (*growth-oriented aid* by Radelet *et al.* 2004). On the other hand, aid given under humanitarian and emergency purpose, technical cooperation and social sector investments<sup>8</sup> are likely to have a long term impact. Hence, *fungibility*<sup>9</sup> and the very complexity of aid definition are reasons why literature does not allow a definitive conclusion, as academic studies do not show robust evidence regarding the relationship between aid and growth. Additionally, aid effects towards growth diverge technically for the reason of using inappropriate time horizon for the analysis – usually looking at historical time series that are frankly too short – and for relying too much on weak or invalid instrumental variables. When adjusting the research studies, aid inflows are

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<sup>5</sup> Other analysts have additionally found that donor practices also influence aid effectiveness: bilateral and multilateral aid institutions as self-interested, inefficient, rent-seeking bureaucracies, thus contributing for perpetuating poor governance and corruption

<sup>6</sup> Mavrota (2002) also disaggregates aid into project aid, technical assistance, programme aid and food aid

<sup>7</sup> I.e. transport, communications, energy, agriculture and industry

<sup>8</sup> I.e. disaster relief, education, health, population control, environment, legal and democracy support

<sup>9</sup> *Fungibility* phenomenon has to do with aid not being used for the purpose intended by donors; instead, it is wasted by the recipient governments which had the control over the aid given. McGillivray and Morrissey (2000) concluded that aid is partially *fungible*

systematically associated with modest, positive subsequent growth in cross-country panel data (Clemens *et al.* 2012).

The fact that some amount of growth typically follows aid receipts does not *per se* establish causation neither the results imply that aid ‘works’ everywhere. Moreover, any of the results of research studies conducted suggest that aid can or should be the main driver of growth and thus of poverty reduction (*ibid.*).

### **Foreign Aid Effectiveness: the case of Africa**

There are several economies largely dependent on foreign aid. Mostly recipient countries are African, notably SSA<sup>10</sup>, the region that remains with the highest incidence of multidimensional poverty<sup>11</sup> – in Annex 2 net ODA disbursements and aid dependency ratios in 2011 are presented. For instance, international aid finances up to 93% of Sao Tome and Principe investment programme<sup>12</sup> as one of the top 10 listed net ODA recipients as percentage of GNI (Annex 3) in 2011. “In the last 50 years, foreign aid transfers to governments in Sub-Saharan Africa totaled a staggering \$1 trillion (...) Nonetheless, over the same period of time, growth of GDP per capita in Africa actually registered a marked decline and was for many years even negative” (Abuzeid 2009, p. 1). Hence, half of a century of aid flows to SSA suggests that the foreign aid system does not work effectively in practice and that actually it might be part of the problem.

Researchers such as Jeffrey Sachs (2005) are optimistic regarding the aid effectiveness, claiming that aid programs have supported some poverty reduction, and notably prevented worse performance from the poor, and defending that doubling worldwide aid flows would lead to the end of poverty. On the other hand researchers as Dambisa Moyo (2009) are skeptic about aid effectiveness, underlining precisely aid’s apparent incapacity in tackling poverty, – emphasizing the case of Africa – and defending a complete cessation of ‘systematic aid’<sup>13</sup> flows. Moyo (2009) defends that ‘systematic aid’ is undermining growth in Africa. “With aid’s help, corruption fosters corruption, and nations quickly descend into a vicious cycle of aid<sup>14</sup>” (Moyo 2009, p. 49).

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<sup>10</sup> As an illustrative example, ODA represented more than 2.5 times the size of private flows in SSA in 2006 (Ratha, *et. al* 2008)

<sup>11</sup> Source: UNDP <http://hdr.undp.org/en/reports/global/hdr2010/summary/poverty/>, viewed 02.12.2013

<sup>12</sup> IMF (2012)

<sup>13</sup> I.e. ODA

<sup>14</sup> Corrupt governments interfere with the rules of the law; as opacity increases countries become unattractive to invest in and it results in fewer job opportunities, so it reduces economic growth and

Opportunities abound in every sector in Africa, – agriculture, power, telecommunications, infrastructure, banking and finance – there is “inordinate demand and supply is not coping” (Moyo 2009, p. 142). According to Moyo, economic life for the majority of Africans would be more likely if the aid stops, because corruption would fall and entrepreneurs would rise as investments would increase. Africa needs FDI, intentional and regional trade, bond markets, increasing domestic savings instead of aid (Moyo 2009), because Africans need jobs, actual opportunities to grow by self-reliance, not sympathy<sup>15</sup>.

## **Entrepreneurship and Economic Development**

### **The role of entrepreneurship in developing countries**

According to population data 2013, more developed countries account for 1.2 billion (1.3 billion in 2050) while the less developed countries account for 5.9 billion (8.4 billion in 2050)<sup>16</sup> – poor countries urge fostering economic development in order to create jobs, wealth and well-being for the worldwide economy good.

“Africa has the fastest-growing and most youthful population in the world”<sup>17</sup>. The African continent will have the largest population growth from now to 2050 (1.1 billion in 2013 to 2.4 billion in 2050)<sup>18</sup> and almost 400 million Africans will be between the ages of 15 and 24<sup>19</sup>. This demographic scenario increases the pressure Africa faces towards job creation over the coming decades. Young population shall be offered jobs; otherwise it may negatively affect world economy. The WB admits that ODA “alone will not be adequate for funding efforts to accelerate growth and poverty alleviation and other MDGs in Africa. Ultimately the private sector will need to be the engine of

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increases poverty levels, leading to donors to give more aid, which continues the downward spiral of poverty (Moyo 2009)

<sup>15</sup> Moyo's reply to Sachs in the Huffington Post:

<http://www.telegraph.co.uk/finance/economics/8247831/The-wit-and-wisdom-of-Dambisa-Moyo-her-supporters-and-critics.html>, viewed 23.11.2013

<sup>16</sup> Source: Population Reference Bureau, [http://www.prb.org/pdf13/2013-WPDS-infographic\\_MED.pdf](http://www.prb.org/pdf13/2013-WPDS-infographic_MED.pdf), viewed 01.12.2013

<sup>17</sup> Source: AfDB, <http://www.afdb.org/fileadmin/uploads/afdb/Documents/Generic-Documents/AFDB%20youth%20doc.pdf>, viewed 01.12.2013

<sup>18</sup> Source: Population Reference Bureau, [http://www.prb.org/pdf13/2013-WPDS-infographic\\_MED.pdf](http://www.prb.org/pdf13/2013-WPDS-infographic_MED.pdf), viewed 01.12.2013

<sup>19</sup> Source: Population Reference Bureau, <http://www.prb.org/pdf13/africa-demographicdividend-jobs.pdf>, viewed 01.12.2013

growth and employment generation and official aid efforts must catalyze innovative financing solutions for the private sector (Ratha, *et. al* 2008) as the AfDB admits to focus on “encouraging the development of self-employment and SMEs through the provision of business development training, skills up-grading and the establishment of producers’ organizations with an emphasis on access to microfinance services and women’s empowerment”<sup>20</sup>.

A culture of entrepreneurship might be the key concept to poverty reduction and job creation<sup>21</sup>. Hence, there is the necessity of stimulating the entrepreneurial aspect in human nature through education in order to leverage entrepreneurial action and lead to more economic development and sustainable growth (Boettke and Coyne 2003). Entrepreneurs perceive opportunities and take the risk of pursuing them as creating value through managing those same opportunities, but poor people are perceived as sharing an apparent lack of interest in seeking opportunities. They have pressing matters<sup>22</sup> that take their time from seeking opportunities that might be scarce<sup>23</sup> (Naudé 2008). Also, any entrepreneurial activity requires risk and it might compromise the household subsistence (*ibid.*). Experience, education and better health improve entrepreneurial ability and productivity. “Some evidence suggests that the type of knowledge imparted (e.g. more practical, general knowledge) is important, and also suggests that in building entrepreneurial capacity tacit knowledge and learning by doing may be vital” (*ibid*, p. 31). Understandably, a higher potential for entrepreneurship is dependent on cumulative training, planning and appropriate economic policies. And even though the primarily responsibility for promoting employment lies with governments, the social partners, civil society, international community and young people have an important role in the process<sup>24</sup>.

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<sup>20</sup> Source: AfDB, <http://www.afdb.org/fileadmin/uploads/afdb/Documents/Generic-Documents/AFDB%20youth%20doc.pdf>, viewed 01-12-2013

<sup>21</sup> Source: Mail&Guardian, [http://www.southernafricatrust.org/docs/bread\\_africa.pdf](http://www.southernafricatrust.org/docs/bread_africa.pdf), viewed 19.10.2013; and The guardian, <http://www.theguardian.com/global-development/2012/apr/16/uk-funds-million-jobs-world-bank>, viewed 19.10.2013

<sup>22</sup> Poor people are still focused in satisfying the *Psychological* and *Safety* needs according to the Maslow’s Pyramid or the *Existence* need according to Clayton’s ERG Theory

<sup>23</sup> Source: Mail&Guardian, [http://www.southernafricatrust.org/docs/bread\\_africa.pdf](http://www.southernafricatrust.org/docs/bread_africa.pdf), viewed 19.10.2013

<sup>24</sup> WB (2009)

Nonetheless, Ha-joon Chang (2010) makes a different point regarding entrepreneurship. Chang claims that developing countries have already a higher proportion of entrepreneurs than in developed ones, thus the lack of “raw individual entrepreneurial energy”<sup>25</sup> is not the issue. As Chang states, “it is their inability to channel the individual entrepreneurial energy into collective entrepreneurship”<sup>26</sup>. Hence, more than leveraging entrepreneurial mindset and skills, developing countries can reduce poverty in a sustainable basis by building mechanisms of collective entrepreneurship which facilitates organizational upgrading and learning process as building and managing becomes more effective because of more collective ability over individual.

### **Microfinance and Entrepreneurship**

Microfinance has been considered the financial innovation for developing countries. Notably, microcredit offers the poor the opportunity to capital access, so they can ask for loans and invest in small businesses, thus reducing poverty, improving well-being and ultimately creating employment. It can take the form of group or individual lending, and although MFIs have been switching from group lending to individual lending, the first has a stronger feature – *joint liability*<sup>27</sup> – when it comes to repayment.

However, researchers there are skeptical towards microfinance as an effective tool in encouraging entrepreneurial activities and alleviating poverty. Bateman (2011) defends that it has not worked; instead it has created unsustainable indebtedness in developing countries<sup>28</sup>. The necessity to repay the microloans and the low success rate of microenterprises contribute to repayment problems worsening the poor living conditions. Bateman (2011) also finds that microloans are very much used to non-investment purposes, meaning that it does not fuels enterprises because it mostly fuels basic consumption. Thus, it is “urgent to refocus on the promotion of local *microsaving*, rather than microcredit, as the first step in the local accumulation of capital” (Bateman 2011, p. 4).

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<sup>25</sup> Source: UNU-WIDER [http://www.wider.unu.edu/publications/newsletter/articles-2010/en\\_GB/10-2010-Chang/](http://www.wider.unu.edu/publications/newsletter/articles-2010/en_GB/10-2010-Chang/), viewed 16.12.2013

<sup>26</sup> *Ibid.*

<sup>27</sup> I.e. The group members take responsibility for each other, thus when one group member does not repay the loan, the all group is in default. This generates a ‘repayment game’, which is positive in the sense that there is social pressure within the group to individual to repay the loans, and one successful borrower can help those that are in difficulty, although it is very negative when it happens that the entire group defaults

<sup>28</sup> I.e. India, Bangladesh, Peru, Balkans and Bosnia and Herzegovina (Bateman 2011)

## **Non-Governmental Organizations in Social Sector**

*“Frustrated with government, many people who care about the problems of the world have started nonprofit organizations” – Muhammad Yunus<sup>29</sup>*

### **Social sector and NGO definition**

Social sector<sup>30</sup> is highly connected to the aid industry as it concerns non-profit organizations and non-governmental organizations that undertake activities with pure social drive. Both NPOs<sup>31</sup> and NGOs<sup>32</sup> are concerned with social change, human rights and welfare. The differences between the concepts are much related to legal aspects.

NGOs operate at many levels of society, having impact in so many aspects of peoples' lives that defy attempts at exact classification. “There is a sheer diversity of organizations that fall into the general category of ‘NGO’. NGOs can be large or small, formal or informal, externally funded or driven by volunteers, charitable and paternalistic or radical and ‘empowerment-based’. One NGO might combine several of these different elements at any one time.” (Lewis 2001, Ch. 1 *The growth of the NGO ‘management debate’* p. 4)

NGOs are a very important sub-set of social sector organizations engaged in development and national or international issues on the topic of the civil society<sup>33</sup>. These organizations are private, usually not-for-profit and task-oriented and may operate individually or collectively, as serving a range of particular societal interests by focusing *advocacy* or *operational*<sup>34</sup> efforts on social, political and economic objectives, including equity, education, health, environment, protection and human rights (Teegen

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<sup>29</sup> *Creating a World without Poverty: Social Business and the Future of Capitalism*, 2007

<sup>30</sup> Also known as third sector, voluntary sector, nongovernmental sector or nonprofit sector

<sup>31</sup> E.g. public organizations, foundations and charitable organizations

<sup>32</sup> Also known as NGDOs

<sup>33</sup> NGOs may be defined as “the organizational manifestations of civil society interests” (Teegen et al. 2004, p. 4) thus they are also known as CSOs

<sup>34</sup> “*Advocacy NGOs* work on the behalf of others who lack the voice or access needed to promote their own interests; *operational NGOs* provide critical goods and services to clients with unmet needs” (Teegen et al. 2004, p. 5). There are also “*hybrid NGOs*, which use both advocacy and operational means to achieve social benefit” (*Ibid.*).

et al. 2004). NGOs may work locally, nationally or internationally but they work primarily in the developing world focusing in reducing poverty<sup>35</sup>.

### **NGOs' issues and challenges**

There are some factors that discourage positive impact from NGO: (1) conceptual issues; (2) funding pressures; (3) internal organizational factors; and (4) external context (Nicholls 2006, Ch. 12 *Helping People is difficult: Growth and Performance in Social Enterprises Working for International Relief and Development* by Alex Jacobs).

Difficulties specifying the organization's approach tend to constrain the strategic planning. Also, many NGOs operate under tight budgets which limit NGO's activities and scalability – once costs exceed the inflow grants and donations the NGO has to reduce either quantity or quality of the program activities. Donations and grants might also inhibit the autonomy of NGOs in choosing which activities to perform and the most effective strategy to achieve program goals.

Via working on critical arrangements among public and private sectors and civil society, NGOs got the recognition of their critical role in the aid industry and happened to increase donors' interest in funding their activities. In the countries of the South, the prevalence of weak states, inefficient and corrupt governments or lack of official aid programmes led to the growth of a Southern NGO sector as an alternative to promote development (Lewis 2001, Ch. 3 *NGO and development*). There was a proliferation phenomenon in the last decade; the number of NGOs increased the competitiveness for funding. Moreover, macroeconomic instability and western crisis led to funding scarcity because of the shifting funder priorities<sup>36</sup>. Mobilizing donors has become more difficult in recent years and they are also more demanding in terms of the NGOs accountability due to aid effectiveness disbelief. Furthermore, surrounded by such competitiveness NGOs are in danger of having their work importance becoming increasingly marginal. Internal organizational and external factors such as distant management, overwhelming significance of complex local context and external factors, multiple stakeholders and such broad and complex activities hinder NGO management.

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<sup>35</sup> Poverty not merely as lack of access to commodities related to survival (e.g. food and shelter) but also related to people's well-being (e.g. health and literacy) and empowerment (e.g. psychological and political) (Fowler 1997)

<sup>36</sup> Source: BBC, <http://www.bbc.co.uk/news/world-europe-17617582>, viewed 22.10.2013



Additionally, NGOs face a specific challenge concerning their own message which lies on supporting an unsolvable problem that no-one else is willing to address rather than helping solving the problem through local resources and inhabitants.

### **NGOs: from traditional to entrepreneurial mentality**

NGOs have played a major role in the aid industry but their traditional approach has been falling short as the intensity and complexity of social sphere has grown. Also, in the last decade there have been shifts on aid discourse as providing goods or services straight to the poor increasingly has shown to reduce local governments' accountability to people, potentially undermining the basis upon which long-term improvements in their lives must be built, not preparing communities for self-reliance.

In developing countries, local people are very much dependent on local ecosystem for their subsistence (Nikkhah *et al.* 2010), accordingly sustainable development will rest on the relationship between NGOs and other local actors and their ability to leverage local capabilities and resources. Hence, NGOs are adopting programmes that lead to a major impact in poor communities, as *microfinance*, *capacity building* and *self-reliance* (*ibid.*). These programmes are defined in Annex 4. Through these programs, NGOs are in the path to promote empowerment among community members and thus community sustainable development (Figure 1).

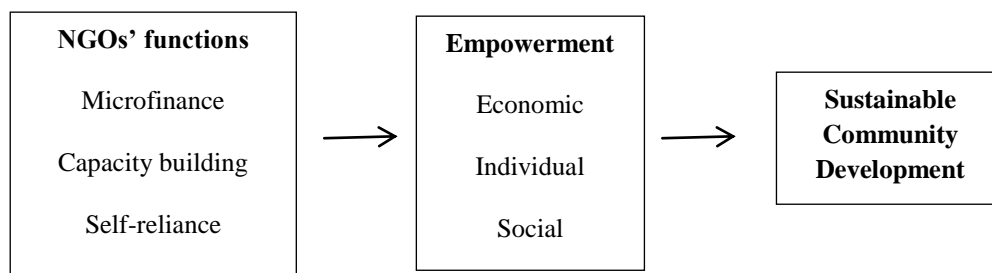


Figure 1 Theoretical framework of the functions of NGO in promoting sustainable community development<sup>37</sup>

Likewise, NGO *bottom-up* rather than *top-down* approach fosters empowerment and allows outcome local solutions to achieve sustainable development. It motivates community members to define their own problems and needs and allows them to be the

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<sup>37</sup> Source: Adapted from Nikkhah *et al.* (2010), "The Role of NGOs in promoting empowerment for sustainable community development", p.87

ones who will solve those problems and needs by accessing the ability to do so having the appeal to do it together.

Yet, managerial and funding issues hold NGOs back. In general, NGOs need to become more sustainable even though pursuing a social mission. Perhaps in order to become more engaging and sustainable, NGOs should take more entrepreneurial initiatives and understand business key dynamics<sup>38</sup>. Although shifting from traditional ‘beneficiary’ to ‘entrepreneurial’ shall not be the aim of every NGO, several should take part in stimulating actual sustainable development, attempting partnerships with local agents, building *strategic alliances* with private sector, starting income-generating activities or even adopting a social enterprise model.

The NGO traditional work importance is more and more perceived as marginal<sup>39</sup> as business and entrepreneurial models are increasingly perceived as capable of playing a major role in sustainable development through job and wealth creation<sup>40</sup>.

## **Changing the face of Social Sector**

### **SE definition**

*“The language of SE may be new, but the phenomenon is not. We have always had social entrepreneurs.” – Dee, J. Gregory<sup>41</sup>*

SE “combines the passion of a social mission with an image of business-like discipline, innovation and determination” as “social entrepreneurs look for the most effective methods of serving their social mission” (Dee 2001 p. 1)

The social entrepreneurs “plays the role of change agent in the social sector by:

- Adopting a mission to create and sustain social value (not just private value);

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<sup>38</sup> Source: The Guardian, <http://www.theguardian.com/sustainable-business/financial-sustainability-ngos-fail-to-engage-investors>, viewed 01.12.2013

<sup>39</sup> Not referring to the humanitarian assistance


<sup>40</sup> Source: The Guardian <http://www.theguardian.com/global-development-professionals-network/2013/sep/20/ngos-no-longer-set-agenda-development>, viewed 22.10.2013

<sup>41</sup> *The Meaning of SE*, 2001

- Recognizing and persistently pursuing for new opportunities to serve that mission;
- Engaging in a process of continuous innovation, adaptation and learning;
- Acting boldly without being limited by resources currently in hand; and
- Exhibiting heightened accountability to the constituencies served for the outcomes created” (Dee 2001 p. 4).

J. Gregory Dee (2001) does not mention earned income as a necessary condition regarding SE. In fact, he argues that “traditionally, social enterprises have been formally structured as nonprofit organizations” (Dee 1996, p. 1) which implies that they are not expected to generate any surplus<sup>42</sup>. Hence, social entrepreneurs create ‘social value’ and might or might not also create economic value. Oppositely, Boschee and McClurg (2003) state “unless a non-profit organization is generating earned revenue from its activities, it is not acting in an entrepreneurial manner” (Boschee and McClurg 2003, p.2). Non-profit is traditionally dependent on donations, voluntarism and grants and it neither suits sustainability nor self-sufficiency; social entrepreneurs are innovative as they are tolerant to risk, pursuing competitiveness and sources of income through social drive, leading social enterprises through self-financing which is the one way to self-sufficiency (Boschee and McClurg 2003). Hence, social entrepreneurs are expected to create economic value as they create ‘social value’.

According to J. Gregory Dees (1996) a social enterprise may lay in one of three types among the spectrum: (1) purely philanthropic, (2) hybrid and (3) purely commercial. The three types differ in motives, methods and goals. The Social Enterprise Spectrum description is presented in Figure 2.



Stakeholders	Pure Charity	Hybrid	Pure Business
Customers/ Beneficiaries	Pay nothing	Subsidized rates or mix of payers & nonpayers	Market rates
Capital	Donations & grants	Below-market capital or of donations & market-rate capital	Market rates
Workforce	Volunteers or donor-supported	Below-market wages or mix of volunteers and fully paid staff	Market rates
Suppliers	In-kind donations	Special discounts or mix of donations & purchased supplies	Market rates

Figure 2 The Social Enterprise Spectrum<sup>43</sup>

<sup>42</sup> I.e. economic residual as profit

<sup>43</sup> Source: Dees, J. Gregory (1998), “Enterprising Nonprofits”, Harvard Business Review, 98105

Alter (2007) has a different vision: social enterprises are hybrid only as they have dual value creation<sup>44</sup>. Social enterprise is one type of hybrid organization “as any business venture created for social purpose – mitigating/ reducing a social problem or a market failure – and to generate social value while operating with the financial discipline, innovation and determination of a private sector business” (Alter 2007, p. 18), but not the only one type as demonstrated in the Hybrid Spectrum in Figure 3. Alter (2007) separates those types of organizations in two families according to the (1) motive, (2) accountability and (3) use of income (Alter 2007 p. 14). Traditional nonprofit and traditional for-profit are not considered as hybrid organizations as they account for one purpose only<sup>45</sup>.

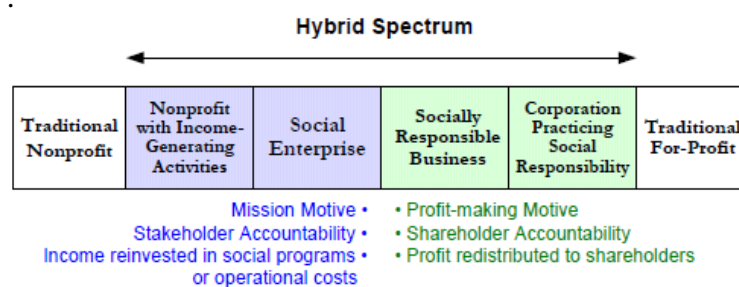


Figure 3 Hybrid Spectrum<sup>46</sup>

According to Alter (2007) there are two types of income-generating activities: *cost recovery* – discrete activity related to the organization’s mission – and *earned income* – ongoing activity related or unrelated to the organization’s mission. Both realize little revenue, but the former may progress the Nonprofit with Income-Generating Activity into Social Enterprise when activity’s implementation requires a business plan.

### Social Enterprise Operating Models

Alter (2007) classifies social enterprises as ‘embedded’, ‘integrated’ or ‘external’ giving the level of integration between social programs and business activities as demonstrated in Figure 4. Embedded social enterprises imply that the social program is the business; integrated social enterprises imply that both social and business program overlap and external social enterprises mean that social program is distinct from business activity.

<sup>44</sup> I.e. social enterprises must combine (in different proportions) both ‘social’ and economic value

<sup>45</sup> I.e. traditional nonprofit create ‘social value’ only and traditional for-profit create economic value only

<sup>46</sup> Source: Alter, K. (2007), “Social Enterprise Typology”, p. 14

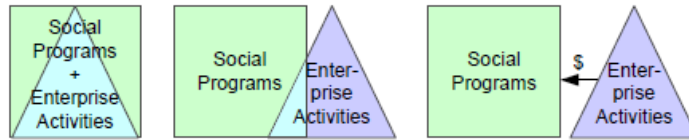


Figure 4 Social Enterprises Business/ Programme Integration<sup>47</sup>

Alter (2007) also elaborates on fundamental operational models concerning social enterprises which differ in accordance to their social and economic activities and possible synergies, central mission, target population, employees and owners. Each one of the fundamental models is described in Annex 5. Once seeking for social program growth, increased revenues and augmented breath or depth of social impact, Alter (2007) elaborates on combining or enhancing models, which are defined in Annex 6.

### **Social Business definition**

Elkington and Hartigan (2008) argue that the central goal of social enterprises is to leverage<sup>48</sup> and define three models regarding social enterprises: (1) Leveraged Nonprofit Ventures, (2) Hybrid Nonprofit Ventures and (3) Social Business Ventures. These different typologies are presented in Annex 7. Elkington and Hartigan (2008) do not exclude nonprofit from the social enterprise range and mention social business as a model of a social enterprise defining it as “for-profit entities focused on social missions” (Elkington and Hartigan 2008, p. 14).

In accordance, Yunus (2007) appeals to the fact that SE can be a very broad notion as it undertakes economic or non-economic, for-profit or not-for-profit initiatives and states that “social business is a subset of SE” (Yunus 2007, p. 32). According to Yunus (2007), “a social business is not charity. It is a business in every sense. It has to recover its full costs while achieving its social objective.” (Yunus and Weber (2007) p.22). In this sense, Boschee and McClurg’s (2003) social enterprise definition suits Yunus’ (2007) social business.

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<sup>47</sup> Source: Alter, K. (2007), “Social Enterprise Typology”, p.18

<sup>48</sup> “It means leverage all kinds of resources – from indigenous capabilities and social capital to philanthropic and governmental support, business partnerships, and income from previously untapped markets.” (Elkington and Hartigan 2008, p.2)

Yunus (2007) defines “two possible kinds of social businesses:

1. Companies that focus on providing a social benefit rather than on maximizing profit for the owners, and that are owned by investors who seek social benefits;
2. Profit-maximizing business that are owned by the poor or disadvantage and in this case, the social benefit is derived from the fact that the dividends and equity growth produced by the PMB<sup>49</sup> will go to benefit the poor” (Yunus 2007, p. 28).

Nevertheless, Yunus (2007) admits the hybrid social enterprises possibility.

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<sup>49</sup> I.e. profit-maximizing business

## CHAPTER 3: CASE STUDY

### MOVE: Damos crédito à esperança<sup>50</sup>

#### Conception

MOVE is a Portuguese nonprofit organization<sup>51</sup> founded by Católica Lisbon students back in 2009. Fundamentally, the organization believes in entrepreneurship as the way to fight poverty and its aim is to boost entrepreneurial skills among the poor and support their entrepreneurial initiatives through training and microcredit activity.

In January 2009, the *MOVE Microfinance* project began its activity in Mozambique with 6 *fellows*<sup>52</sup> for 6 month time. Meanwhile, in Portugal, the organizational structure and partnerships come to be defined. In 2010, *MOVE – Associação de Microcrédito e Empreendedorismo*<sup>53</sup> – is officially registered.

MOVE potential led to growth through expansion to other countries. Primarily, the project should meet countries which had links to Portugal as Mozambique did: Portuguese spoken and other cultural similarities. In January 2011, MOVE expanded to another Portuguese-speaking African country: Sao Tome and Principe project began. In August 2011, activities were extended to East-Timor.

*MOVE Microfinance* project core activities in the fields are microcredit, training and consultancy *in loco*.

In 2012, MOVE created other project – *Pro.MOVE* – that takes place in Portugal. It aims to reintegrate unemployed people in the job market by giving them pragmatic knowledge and better qualification through specific training programmes.

MOVE mission is to contribute towards creating a world where ideas and hard work receive a fair return; its vision is to create positive and lasting impact on entrepreneurs and others adding value to communities through enhancing people's abilities.

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<sup>50</sup> In English, 'We give credit to hope' – the MOVE slogan

<sup>51</sup> MOVE is not yet recognized as a NGDO; it is currently working on the bureaucracy

<sup>52</sup> MOVE volunteers in each field

<sup>53</sup> In English, 'Microcredit and Entrepreneurship Association'

## **Organizational structure and sustainability**

The MOVE operational model requires a central structure in Portugal so it can provide support to the *fellows*. The central structure became more complex as it required more people to address further needs that came along with geographical expansion. Today, it is composed by up to 40 volunteers that assure the operational nonprofit organization sustainability. It supports both *MOVE Microfinance* (Mozambique, Sao Tome and Principe and East-Timor) and *Pro.MOVE* (Portugal) projects. The organizational structure is based on a board of directors and three offices (Exhibit 1) that work strategically aligned with field requests made by *field managers*<sup>54</sup>.

MOVE financial sustainability fully depends on fundraising and partners' donations in Portugal (Exhibit 2), hence fundraising, partnerships and sponsorships and events scheduling play a vital role to ensure MOVE financial capacity to perform activities in each field – in fact, financial contribution to the operations undertaken in the field is limited (Exhibit 3).

## **Sao Tome and Principe field**

### **Geography and dynamics**

Democratic Republic of Sao Tome and Principe (Sao Tome and Principe henceforth) is a Portuguese-speaking small insular country in the Gulf of Guinea, 380 km off the western equatorial coast of Central Africa. It is the smallest country in Africa, composed by two islands – Sao Tome (850 km<sup>2</sup>) and Principe (300 km<sup>2</sup>) – both located in Equator about 250 and 225 km off the northwestern coast of Gabon, respectively. The islands are 150 km apart, both volcanic and characterized by tropical climate counting on two distinct seasons influenced by the mountainous topography and two heavy rain periods.

Sao Tome and Principe was inhabited until the Portuguese discovered it in 1470. The country remained a Portuguese dependency until 12 July 1975. In 15<sup>th</sup> century, the islands had a sugar-based economy, as Africa's leading exporter of sugar, supported in slavery labor. In 19<sup>th</sup> century, Sao Tome and Principe specialized in coffee and cocoa plantations, well known as *roças*. The *roças* were strategically designed and spread all

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<sup>54</sup> Ex-fellow volunteers in Portugal that are responsible for the a team field follow-up in a weekly basis



over the country, and it ultimately allowed the country to become the world largest producer of cocoa in 1908.

Even though independence was achieved in 1975, the country only held its first free elections in 1991. Ever since, it has been largely free of conflicts, holding regular and fair elections. Yet there have been frequent changes in Government<sup>55</sup> as a result of internal political wrangling between political parties. Political scene has been marked by ‘Movimento de Libertação de São Tomé e Príncipe - Partido Social Democrata’ (MLSTP-PSD) and ‘Acção Democrática Independente’ (ADI).

The country is administratively divided into seven districts: Água Grande, Cantagalo, Caué, Lembá, Mé-Zochi (Sao Tome Island) and Pague (Principe Island<sup>56</sup>) (Exhibit 4). Each of the districts are subdivided into neighborhoods that host several communities, represented by a District Council. There are communities that play a key role either because of their population rate or geography or agriculture capacity. Nonetheless, it is possible to characterize a country’s common community by its lack of basic sanitation, water and energy, lack of school levels<sup>57</sup> and infrastructures and transports, high agriculture dependency to subsist, and small and undeveloped businesses. Communities have representatives and might have their own rules. These are ‘micro environments’ operating separately and holding sub-societies.

Estimated population (2013)	186 817
Capital city	Sao Tome, Água Grande district
Ethnic groups	Mixed African <sup>58</sup> , Portuguese-African and European (primarily Portuguese)
Religion	Christian (70%)
Life expectancy	Around 64 years
Average age	17.6 years old. 63.6% overall pop. Is under 25 years old
Literacy	69% overall pop.

Source: CIA, <https://www.cia.gov/library/publications/the-world-factbook/geos/tp.html>, viewed 27.11.2013

<sup>55</sup> Including two failed coup attempts in 1995 and 2003, according to CIA

<sup>56</sup> At present, considered an Autonomous Region

<sup>57</sup> Generally communities have primary school only; district capitals might offer until high school

<sup>58</sup> *Angolares*, – descendants of Angolan slaves – *forros*, – descendants of freed slaves – *servicais* and – contract laborers from Angola, Mozambique and Cape Verde – *tongas* – children of *servicais* born in Sao Tome and Principe, according to CIA

Population not living in the urbanized capital city live in periurban or rural areas where poverty remains widespread; decent housing is scarce, particularly in the southern region and on Principe. Sao Tome and Principe is ranked as 144<sup>th</sup> in 187 countries regarding human development<sup>59</sup> and the multidimensional poverty index MPI<sup>60</sup> shows that the South is the country's poorest region (Exhibit 5). Although Sao Tome and Principe does not perform the worst regarding poverty incidence in SSA, the percentage of population vulnerable to poverty is one of the highest (Exhibit 6). CPI reached 290.96<sup>61</sup> in 2011, the maximum value in 15 years, reflecting the increasing cost to the average consumer in acquiring a basket of goods and services.

Paved roads are scarce<sup>62</sup> as the displacement of services, goods and people is not an easy process – distance is not far but the lack of quality roads leads to lengthy and uneasy travels. Hence, communities' isolation is noticeable throughout the country.

Job opportunities in rural communities are becoming scarce as population boosts, and a migration to the capital city increase the pressure on its infrastructure and feeds the informal sector. According to the African Economic Outlook 2011 for Sao Tome, the official minimum wage is approximately 400.000 STD (16 EUR<sup>63</sup>) per month and salaries for civil servant average reach 1.5 million STD (60 EUR).

### **Social, economic and business context**

According to AfDB, Sao Tome and Principe is a 'Fragile State' due to "persisting poverty, economic vulnerability to external shocks, weak Government capacity and inadequate provision of basic social services to the population"<sup>64</sup>. It points out "its insularity, as well as an embryonic entrepreneurial base that suffers from a weak business environment and lack of infrastructure, notably as regards ports and transport, thereby impeding competitiveness. Furthermore, the country is highly dependent on external aid"<sup>65</sup>.

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<sup>59</sup> Source: UNDP, <http://hdrstats.undp.org/en/countries/profiles/STP.html>, viewed 27.11.2013

<sup>60</sup> The MPI has three dimensions (Health, Education and Living Standards) through 10 indicators and results from the multiplication of the proportion of the population that is multidimensionally poor and the average proportion of indicators in which poor people are deprived

<sup>61</sup> Source: Indexmundi, <http://www.indexmundi.com/facts/s%C3%A3o-tom%C3%A9-and-principe>, viewed 27.11.2013

<sup>62</sup> The three main paved roads: to the South (60 km), North (50km) and West (20 km)

<sup>63</sup> STD (Santomean Dobra) to Euro conversion rate

<sup>64</sup> AfDB (2011), Sao Tome and Principe Country Strategy Paper 2012-2016, point 6 p. 2.

<sup>65</sup> *Ibid.*

Although considered a developing economy<sup>66</sup>, Sao Tome and Principe is listed as one of the LDCs (Exhibit 7) and it is the third smallest economy in the world<sup>67</sup>. The narrow exports base and high dependency from imports (Exhibit 8) contributes to country's vulnerability to exterior shocks<sup>68</sup>. Besides, foreign exchange earnings are restricted to export of cocoa and some other agricultural crops, tourism and FDI; as a result, the country is characterized by high dependency on foreign aid<sup>69</sup>.

International prices for cocoa increased and devaluation of Sao Tome and Principe currency led to higher export revenues, but the country has limited production capacity<sup>70</sup>. FDI is generally related to tourism and oil exploratory as well as public sector investments in infrastructure. The country has strengthened commercial and economic ties with traditional partners but it is also seeking pro-actively for increasing engagement towards neighboring and emerging countries<sup>71</sup>. Tourism is an emergent industry in Santomean context<sup>72</sup> as it plays an increasing role in the country's economy development. Relatively to petroleum, since 2001 Sao Tome and Principe and Nigeria have a joint exploration, which revenues revert in 40% and 60%, respectively<sup>73</sup>. Recently, they found commercially viable oil in a block<sup>74</sup>, and even though not yet exploited the effective its production and export shall start in 2015<sup>75</sup>.

In relation to foreign aid, Portugal is the main donor. ODA (as percentage of GNI) has not been diminishing as it still highly supports Sao Tome and Principe's social and economic sectors (Exhibit 9).

Sao Tome and Principe GDP per capita based on purchasing power parity (constant 2005 international USD) has been gradually increasing over the last 10 years, reaching 1,834<sup>76</sup> in 2011. The GDP per capita growth was 2.99% in 2011<sup>77</sup>. The production and

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<sup>66</sup> Source: UNDP, <http://hdrstats.undp.org/en/countries/profiles/STP.html>, viewed 27.11.2013

<sup>67</sup> IMF (2012) Report No. 12/216

<sup>68</sup> *Ibid.*

<sup>69</sup> IMF (2012) Report No. 12/216 and Sao Tome and Principe Country Strategy Paper 2012-2016, p. 2.

<sup>70</sup> *Ibid.*

<sup>71</sup> African Economic Outlook 2011 – Sao Tome

<sup>72</sup> IMF (2012) Report No. 12/216

<sup>73</sup> AfDB (2011), Sao Tome and Principe Country Strategy Paper 2012-2016

<sup>74</sup> Source: Reuters, <http://www.reuters.com/article/2011/11/30/idAFL5E7MU6LB20111130>, viewed 30.11.2013

<sup>75</sup> IMF (2012) Report No. 12/216

<sup>76</sup> Source: Indexmundi, <http://www.indexmundi.com/facts/s%C3%A3o-tom%C3%A9-and-principe>, viewed 27.11.2013

<sup>77</sup> *Ibid.*

export of oil is expected to foster the GDP growth<sup>78</sup>. GDP composition per sector is approximately 14% in agriculture, 20% in industry and 66% in services<sup>79</sup>. In short term, GDP growth rate is expected to increase by stronger performances in the agriculture, fisheries, construction, and tourism<sup>80</sup>, which are crucial sectors to increase wealth.

The small size of Sao Tome and Principe's economy as its insularity result in natural constrains to private sector development; additionally, the lack of capacity in managing country's available resources and opportunities, lack of entrepreneurship and poor physical infrastructures<sup>81</sup> prevent developing it. Doing Business 2013<sup>82</sup> ranked the country as 160<sup>th</sup> out of 185 countries (Exhibit 10). Country's economy is driven by micro-enterprises of informal sector<sup>83</sup>, focused on reselling activity, trivial trade with fragile retail procedures, artisanal fishery activities, and weak tourism services<sup>84</sup>.

A SWOT analysis on Sao Tome and Principe is presented in Exhibit 11.

### **NGOs in the field**

In the 80s Sao Tome and Principe experienced the appearance of social sector because of the post-dependency scenario and state fragility; NGOs were very much related to technical issues such as education and agriculture. In 90s supporting the circumstances under the democratization movement, the country experienced social sector increasing trends shifting its mission to a broader spectrum. Because of the weak government capacity in tackling Santomean challenges, NGOs became the face of the 'development industry' as they play the main role in the social transformation working directly on micro-empowerment, through education and training.

In 2001, due to NGO proliferation, FONG-STP was created in order to coordinate and strengthen the country's social sector. It represents the NGOs operating in the country. 98 NGOs are registered but there are more than 150 associations and foundations operating in Santomean social sector. According to FONG-STP recent study<sup>85</sup>, most

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<sup>78</sup> IMF (2012) Report No. 12/216

<sup>79</sup> Source: CIA, <https://www.cia.gov/library/publications/the-world-factbook/fields/2012.html>, viewed 29.11.2013

<sup>80</sup> AfDB (2011), Sao Tome and Principe Country Strategy Paper 2012-2016

<sup>81</sup> I.e. airport, port, roads, energy and communications

<sup>82</sup> *Doing Business* index is about the ease of doing business in a country, meaning the ease of a local entrepreneur to open a small to medium-size business regarding 11 areas in the life cycle of a business

<sup>83</sup> Estimated in 63% of the country's economy according to African Economic Outlook 2011 – Sao Tome

<sup>84</sup> AfDB (2011), Sao Tome and Principe Country Strategy Paper 2012-2016

<sup>85</sup> ACEP e FONG-STP (2010), "Estudo Diagnóstico das ONG em São Tomé e Príncipe"

NGOs operating in the country are national and operate under a national purpose instead of local purpose, but they tend to operate through communities. Regularly, NGOs perform partnerships among themselves creating synergies for greater impact. NGOs are mainly targeting health, social intervention, environmental protection and education and they base their activity mostly in volunteering work (i.e. unpaid work) that is not permanent. Almost half of these NGOs are not developing any project, (i.e. not active). Financial restrictions, resource limitations and lack of capabilities (mainly IT, resource mobilization, accounting, management or project planning) are difficulties that NGOs point out (ACEP and FONG-STP 2010).

The country's social sector is disordered, and even though it does not necessarily lack financial funds, it lacks managerial and efficiency orientation, but it plays an evident important role in Santomeans' life as it gives them educational, health and other types of support<sup>86</sup>.

## **MOVE in Sao Tome and Principe**

### **Mission's beginning**

MOVE in Sao Tome and Principe (MOVE-STP henceforth) is legally registered in FONG-STP<sup>87</sup>. The organization has received 5 to 6 *fellows* every 6 months since 2011. The 6<sup>th</sup> edition is currently in the field.

MOVE-STP started replicating the model that was working in Mozambique as having microcredit as the main focus. The decision of going to Sao Tome and Principe was due to expansion criteria, cultural proximity and local partners<sup>88</sup>. However, back then MOVE-STP had not been an opportunity to conduct a market research in the field. Therefore, when the first team arrived, they began to realize that the exact replication of the Mozambique model might not be as adequate to deliver positive impact in Santomean society as MOVE supposed.

In Mozambique, the microcredit project was applied to an island<sup>89</sup> a particular reality in the country, but MOVE-STP was assumed to act nationally, which is a greater move.

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<sup>86</sup> This information is supported by *fellows*' answers to the survey (Exhibit 12)

<sup>87</sup> Mentioned previously in 'Sao Tome and Principe', subtopic 'NGOs in the field'

<sup>88</sup> Banco Internacional de São Tomé e Príncipe (BISTP) via Caixa Geral de Depósitos (CGD) and Companhia Sãotomense de Telecomunicações (CST) via Portugal Telecom (PT)

<sup>89</sup> Mozambique Island

Moreover, it had higher living costs in comparison to Mozambique Island and the microcredit loans would probably be too short to actually help entrepreneurs to start a business; consequently amounts would be higher leading to higher credit risk as it requires higher business performance to generate enough money to pay back the loan. At first those could be reasons why microcredit might not be the most effective tool in Santomean context to create opportunities to the poor and empower people.

MOVE-STP's strategy could have to be redesigned.

Throughout the six editions in Sao Tome, *fellows* have experienced difficulties towards microcredit activity, and they tried harder to find other strategies to better impact Santomean society. It is possible to realize the projects' progress – emphasizing the projects' move for focusing in microcredit to partnerships – by the survey to the ex-*fellows* and current *fellows*, and its statistical analysis (Exhibit 12).

### **From microcredit to entrepreneurs**

Microcredit supports financial and social development through financial access to those excluded from the banking system. MOVE uses microcredit as a tool aimed to potential entrepreneurs so they can build their own rentable business and improve living conditions (family, community and society).

In order to provide microcredit, MOVE-STP did a partnership with a local bank – 'Banco Internacional de Sao Tome and Principe' (BISTP). The bank provides the loan to the entrepreneurs at 15% interest, but MOVE is responsible for choosing the entrepreneurs by evaluating their potential, providing them with the tools and monitoring their businesses in a daily or weekly basis in accordance to the need of the business and the entrepreneur. In the case of entrepreneurs defaulting, MOVE has to assume the entrepreneurs' debt by taking the entrepreneurs' risk in order to assure the interest to be low enough, so microcredit is provided and entrepreneurs are actually able to pay the amount borrowed. The illustrative scheme is in Exhibit 13.

To avoid not having effective entrepreneurs and businesses linked to the microcredit programme, MOVE designed a process that assures best practices. The process goes through different steps: the potential entrepreneur applies for the microcredit; there is an interview, management training and a final exam. *Fellows* also check the candidate's living conditions. A business planning takes place and after the final selection microcredit is provided. The process takes 3 to 4 months.

In almost 3 years in the field, MOVE-STP has given a total of 12 microcredits to 13 entrepreneurs: 8 men and 5 women. There were 3 microcredit application seasons and, in total, up to 900 people applying for the microcredit programme. The maximum amount given was 20.000.000 STD (816,33 EUR<sup>90</sup>) and the total amount of money provided under the microcredit activity was 185.796.800 STD (7.583,55 EUR). Currently there are 4 entrepreneurs repaying their loans. Information concerning entrepreneurs is presented in detail in the Exhibit 14.

MOVE microcredit programme differential towards other microcredit programmes is the training provided to the entrepreneurs and all the monitoring after the credit is agreed upon as well as and some technical support even after the loan is paid. Idyllically the programme works perfectly, but microcredit programme in Sao Tome and Principe faced a few challenges. When the 5<sup>th</sup> edition came to the field, BISTP was not accepting new entrepreneurs since there was too much bad credit standing; back then, there were 7 entrepreneurs repaying their loans<sup>91</sup> (6 out of those were missing weekly payments) (Exhibit 15). One of the entrepreneurs actually went bankrupt and MOVE had to use the collateral for the first time in Santomean field.

Although entrepreneurs easily accept the compromise, they have difficulties on keeping it, thus challenging the loan payment. Generally, even though they are very interested in their business and they are ambitious, they lack of management skills and they are laid-back. Santomeans are not used to savings and often show difficulties in distinguishing personal life and expenses from the business unit<sup>92</sup> and sometimes businesses simply struggle to generate revenues. Consequently, in every edition *fellows* felt some to great difficulty from the entrepreneurs in repaying their loans<sup>93</sup>.

### **From partnerships to impact**

MOVE-STP has been increasingly investing in partnerships as those became a more important component for the organization's strategy in the field over microcredit

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<sup>90</sup> STD (Santomean Dobra) to Euro conversion rate

<sup>91</sup> Entrepreneurs in repayment process: Alex, Juares, Kiny, Filipe, Kita, Afonso and Cristel

<sup>92</sup> Entrepreneurs as Kiny or Afonso are examples that can illustrate this problematic as Kiny mixed business money with family's money and Afonso actually mixed his personal consumption with selling bakery products

<sup>93</sup> This information is based on the *fellows*' answers to the survey (Exhibit 12)

activity. Partnerships gave visibility and credibility to MOVE-STP and they had better impact in Santomean society, notably greater impact than microcredit<sup>94</sup>. The partnerships and respective projects overview along the 6 editions is discriminated in Exhibit 15.

BISTP and Grupo Pestana<sup>95</sup> (Exhibit 16) are the official structural MOVE-STP's partners. BISTP allows MOVE-STP microcredit activity as part of their CSR programme, and Grupo Pestana offers internet in Miramar Hotel on a daily basis, a room in case MOVE needs to conduct a meeting and Pestana transportation according to internal availability in exchange of English modules and management topics related training. And even though there are no new applications to microcredit programme, as there are entrepreneurs paying back their loans, BISTP partnership remain active.

Recently, MOVE-STP evolved in a structural partnership with 'Associação de Jovens Empreendedores e Iniciativas Empresariais'<sup>96</sup> (AJEIE) that offer their room in *Parque Popular*<sup>97</sup> in exchange of consultancy services to entrepreneurs that require AJEIE support (AJEIE database counts up to 250 entrepreneurs).

Among media, MOVE-STP partnered with Kê Kuá, the most read journal in the country, by publishing articles on microcredit activity (Exhibit 17). Recently the organization contacted Rádio Nacional, the national radio, to do a spot on management tips. Although might not be considered actual partners, RTP Africa and TVS, the national television, and Rádio Jubilar, one of the most heard radio in the country, have promoted MOVE-STP initiatives (Exhibit 18).

MOVE-STP did one consultancy project to 'Companhia Sãotomense de Telecomunicações' (CST) (Exhibit 16). The 2<sup>nd</sup> edition was responsible for a consumer research<sup>98</sup> in order to give marketing insights to CST with the objective of increasing 'recargas'<sup>99</sup> sales. MOVE-STP was involved in other consultancy project with the telecommunications enterprise that was not completed due to CST instruction. CST conceded free communications and paid for the MOVE-STP service.

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<sup>94</sup> *Ibid.*

<sup>95</sup> Grupo Pestana is the largest Hotel chain in the island; it holds the Miramar Hotel, the Pestana-Ecuador and the Pestana Resort Hotel

<sup>96</sup> In English, 'Young people and business association'

<sup>97</sup> *Fellows* are currently attending entrepreneurs from Monday (9am to 12am) to Thursday (2pm to 4pm)

<sup>98</sup> 136 valid questionnaires to Santomeans

<sup>99</sup> I.e. cellphone money recharge



MOVE-STP has been reaching communities through partnering with other NGOs and institutions that are already working or even established. Essentially, it has been working on management advisory and providing management training. The organization has been partnering with ALISEI, AMI, MdM, LD, ‘Santa Casa da Misericórdia’ (SCM-STP), FCJ, AHEAD and WACT which are all well-known NGOs in Sao Tome and Principe (Exhibit 19). MOVE-STP also did some discrete and small partnerships with individual people and individual businesses.

Through SCM-STP, MOVE-STP met a five women association with high commercial potential in Vista Alegre community (Exhibit 20). Although requiring management topics training, this project also required operational advisory and product development support, thus MOVE-STP intervention was somehow different from the standard. As a consequence the Instituto da Juventude<sup>100</sup> has contacted MOVE-STP in order to develop a joint project on streamlining the communities of 'Boa Entrada and Agostinho Neto. The institute's idea is to create business dynamics on those communities in specific and identify and develop potential business and associations as the one created in Vista Alegre community.

In 2013, MOVE-STP turned to young people as the future of the country. Therefore, the organization has been building on important partnerships with educational institutions: ‘Liceu Nacional’ and ‘Instituto Superior Politécnico de São Tomé e Príncipe’ (ISP-STP), the largest high school and a very well-known higher education public institution in Sao Tome, respectively. Initiatives among the young focus on leveraging critical thinking and entrepreneurial mindset (Exhibits 21 and 22).

At the moment, the organization is negotiating with a range of NGOs: TESE, ALISEI and MARAPA (Exhibit 19). All of them are engaging in funded projects and they are giving the opportunity to MOVE-STP to contribute and take benefits. Two projects concerning ALISEI/MARAPA and TESE (Exhibit 23) partnerships are generating great expectation among fellows whether because the projects' dimension, innovative proposal or income generating option.

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<sup>100</sup> In English, ‘Institute for young people’

MOVE-STP is also working on an agreement with AJEIE<sup>101</sup> in order to provide consultancy for the AJEIE's entrepreneurs for symbolic prices. Likewise, there are individual entrepreneurs already looking for MOVE-STP consultancy services as they hear of them. *Fellows* are brainstorming around the possibility of charging these services.

### **Independent activities**

Since its beginning MOVE-STP has performed some independent activities to endorse organization's positioning, do networking and collect useful information by direct contact with communities.

Apart from the training on small businesses targeted to microcredit applicants, from the 1<sup>st</sup> to the 5<sup>th</sup> edition MOVE-STP performed at least 5 independent modules concerning creativity and businesses targeting the general Santomean public interested in entrepreneurship, reaching up to 400 participants. These modules approached a range of topics related to entrepreneurship, accounting, marketing and business planning. The aim was always to stimulate the entrepreneurial mindset and explain how important it is the idea to create a successful business. Also, from these modules, *fellows* could identify potential entrepreneurs and business concepts and thus provide them useful management tools, advisory or even redirect them to microcredit applications.

The organization has realized the importance of market research in order to either understand potential microcredit programme target or (more recently) identify project opportunities in communities. *Fellows* conducted several market research studies (Exhibit 24) that are essential for MOVE as Santomean cultural acknowledgement thus useful for strategic moves as field choice of activities and approach.

Moreover, MOVE-STP is also interested in conducting research on particular Santomean entrepreneurial successful cases in order to understand their strategic potential and models' replicability throughout communities. Currently, MOVE-STP is working on its first case study on a social project in Neves community.

Nevertheless, *fellows* in the field are responsible for identifying opportunities and leverage networking in a continuous individual and team practice.

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<sup>101</sup> Previously mentioned in p. 32

### **Right time to make a shift**

Even though microcredit was the leading activity in the beginning, MOVE-STP has been working strategically towards a more promising impact in the field in accordance to the more accurate perception on Santomean needs; training and consultancy activities are becoming the focus of the programme rather than microcredit.

Microcredit was given to individual entrepreneurs and MOVE-STP could create a greater impact and reach more people through partnerships. Additionally, Santomean culture and living cost in the island were factors compromising the positive impact of MOVE microcredit programme in Sao Tome and Principe. From the 1<sup>st</sup> to the 4<sup>th</sup> edition there was a microcredit agenda and it was considered the vector activity in the field, but since 5<sup>th</sup> edition that strategy has been being redesigned and microcredit has not been given to any new entrepreneur. Microcredit is a mean to an end; it should not be an end itself. Therefore, MOVE-STP may well use microcredit as a tool, but not make it the focus of the programme in the field. Santomeans shall understand how to manage resources in first place. They need to be capacitated in order to develop their society and economy and MOVE-STP, having expertise in the management and entrepreneurial topics, seems to be in the right place and position to impact positively. MOVE-STP has been successfully managing partnerships with NGOs and institutions as they keep on requiring MOVE's services to engage their social projects while further opportunities arise. Also, through providing these services to these larger projects, MOVE-STP can start thinking about obtaining revenues, which would contribute to the project self-sustainability.

The organization has become more conscious regarding the cultural aspects of Santomeans and aware of its true potential effectiveness in the field. Strategy is in readjustment process with the organization's training and consultancy services at the center of the efforts over individual microcredit. Project scalability and development emphasizes the financial sustainability concern as it is fully dependent on MOVE fundraising and revenues are a great opportunity to protect the project's future and expansion in the field. However, could increasing partnerships and projects be a threat to MOVE-STP's primary mission of improving Santomeans' life conditions through leveraging entrepreneurial mindset? And can both mission and revenues coexist? What about microcredit activity? It will be challenging in the near future to balance everything and respond to all the questions arising in this shifting context.

## **EXHIBITS**

### **Exhibit 1 MOVE organization structure**



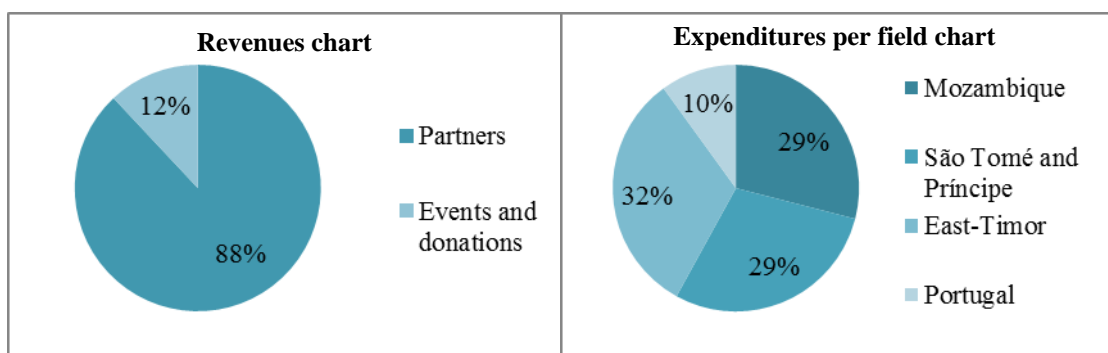
Source: MOVE Annual Report 2012/2013

### **Exhibit 2 MOVE Financial Indicators**

<b>MOVE Income Statement 2012/2013</b>				
	2009	2010	2011	2012
<b>Revenues</b>				
Core partnerships	10.000	14.000	10.000	50.500
Non-core partnerships		600	600	
Events and others		300	2.530	6.967
Cash prizes			1.000	
<b>Total revenues</b>	<b>10.000</b>	<b>14.900</b>	<b>14.130</b>	<b>57.467</b>
<b>Costs</b>				
<b>Mozambique</b>				
House rent	2.400	4.800	4.800	4.994
House expenditures	95	190	190	1.139
Transports	735	1.470	1.470	164
Other (communication, material, etc.)	900	2.300	1.800	1.553
<b>Sao Tome and Príncipe</b>				
House rent			4.800	4.800
House expenditures			160	1.177
Transports			360	835
Other (communication, material, etc.)			1.120	995
<b>East-Timor</b>				
House rent			1.800	6.563
House expenditures			500	1.875
Other (communication, material, etc.)			800	145
<b>Collateral</b>				
Mozambique	5.000	5.000	4.000	
Sao Tome and Príncipe			1.425	

## Portugal

Marketing and Promotion		300	450	377
Events				2.263
Training				90
<b>Total costs</b>	<b>9.130</b>	<b>14.060</b>	<b>23.675</b>	<b>26.970</b>
<b>Operating income</b>	<b>870</b>	<b>840</b>	<b>-9.545</b>	<b>30.497</b>
<b>Other revenues</b>				
MOVE Directors			6.570	
Interests on financial placements				24
<b>Other expenditures</b>				
Financial commissions				300
<b>Net income</b>	<b>870</b>	<b>840</b>	<b>-2.975</b>	<b>30.221</b>



Source: MOVE Annual Report 2012/2013

## Exhibit 3 Sao Tome and Principe field expenditures

	Budget/month (STD)	Budget/month (EUR)	Budget/trim. (STD)	Budget/trim. (EUR)
House rent	9.800.000	400,00	29.400.000	1.200,00
Water and Electricity	1.370.000	55,92	4.110.000	167,76
Housekeeper	900.000	36,73	2.700.000	110,20
Telecommunications	1.000.000	40,82	3.000.000	122,45
Other*	1.700.000	69,39	5.100.000	208,16
<b>Total</b>	<b>14.770.000</b>	<b>602,86</b>	<b>44.310.000</b>	<b>1.808,57</b>

\*mostly travel expenses

**Avg. MOVE contribution to the field/month (EUR)** **600,00**

### Illustrative example (trim): Team costs from September to November 2013

	Total/trim. (STD)	Total/trim. (Eur)
Microcredit Activity	990.000	40,41
Other Activities	5.356.000	218,61
Extras	995.000	40,61
Rent + Water + Electricity + Housekeeper	36.434.000	1487,10
<b>Total</b>	<b>43.775.000</b>	<b>1786,73</b>

**Volunteers expenses not covered by MOVE**

Avg. total cost/semester (Eur)	
Plane travel	634,00
Food*	357,55
<b>Total</b>	<b>991,55</b>

\*Assumed average food expenses/week = 365.000 STD (14,90 EUR)

Source: MOVE internal reports

**Exhibit 4 Map of Sao Tome and Príncipe**



Source: Division Géographique de la Direction des Archives et Documentation) du Ministère des Affaires Etrangères, 2004

## Exhibit 5 Multidimensional poverty across Sao Tome and Principe

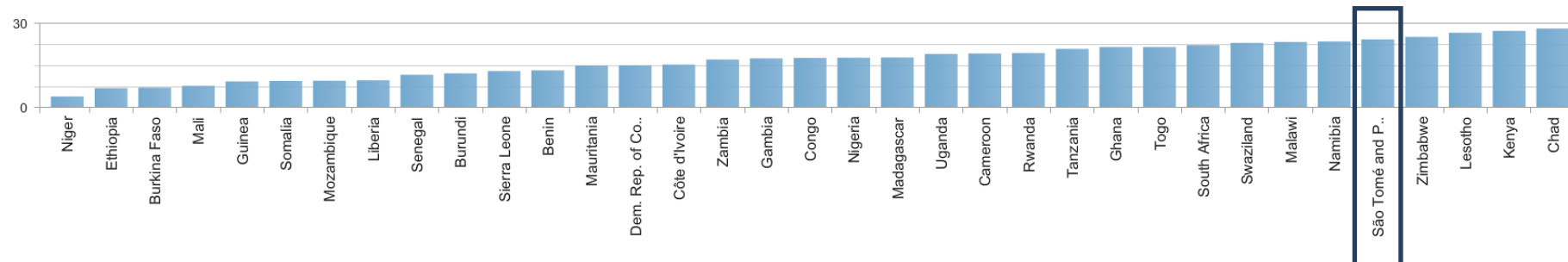
Multidimensional poverty across Sao Tome and Principe

Region	Percentage of Population	Multidimensional Poverty Index (MPI = H*A)	Incidence of Poverty (H)	Average Intensity across the Poor* (A)	Percentage of population vulnerable to poverty	Percentage of Population in Severe Poverty
<b>Sao Tome and Principe</b>	100%	0.154	34.5%	44.7%	24.3%	10.7%
<b>Sub-nacional level</b>						
<b>Central Region</b>	60%	0.123	27.8%	44.2%	21.8%	7.8%
<b>North Region</b>	21.6%	0.187	41.9%	44.7%	29.3%	14.5%
<b>South Region</b>	13.6%	0.228	49.3%	46.1%	24.3%	17.1%
<b>Principe Region</b>	4.8%	0.150	34.9%	42.9%	30.0%	7.4%

\*A person is identified as poor if he or she is deprived in at least one third of the weighted indicators

Source: Adapted from Oxford Poverty and Human Development Initiative (OPHI) Country Sao Tome and Principe Briefing 2013

## Exhibit 6 Percentage of population vulnerable to MPI poverty (SSA countries)



Source: OPHI, <http://www.ophi.org.uk/wp-content/uploads/MPI2013/web/StatPlanet.html>

## Exhibit 7 List of Least Developed Countries (LDCs)

Africa			
Angola	Benin	Burkina Faso	Burundi
Cape Verde	Central African Republic	Chad	Comoros
Congo, Dem. Rep. of the	Djibouti	Equatorial Guinea	Eritrea
Ethiopia	Gambia	Guinea	Guinea-Bissau
Lesotho	Liberia	Madagascar	Malawi
Mali	Mauritania	Mozambique	Niger
Rwanda	Sao Tome and Principe	Senegal	Sierra Leone
Somalia	Sudan	Tanzania	Togo
Uganda	Zambia		
Asia			
Afghanistan	Bangladesh	Bhutan	Cambodia
Lao PDR	Maldives	Myanmar	Nepal
East Timor	Yemen		
Australia and the Pacific			
Kiribati	Samoa	Solomon Islands	Tuvalu
Vanuatu			
Caribbean			
Haiti			

Source: Economic and Social Council of the United Nations

## Exhibit 8 Sao Tome and Principe Goods imports vs. exports (BoP, current US\$)

Year	Imports	Exports
2006	\$ 59.239.660,00	\$ 7.710.857,00
2007	\$ 64.866.160,00	\$ 6.810.434,00
2008	\$ 92.153.340,00	\$ 7.831.400,00
2009	\$ 83.763.860,00	\$ 9.206.153,00
2010	\$ 96.195.920,00	\$ 10.933.960,00
2011	\$ 115.681.100,00	\$ 10.944.720,00

Source: Indxmundi

## Exhibit 9 Sao Tome and Principe ODA data

### Sao Tome and Principe ODA top 10 donors

Country Name	Average Gross ODA Disbursement in the last 5 years (in US\$M)
Portugal	19.66
Japan	4.23
France	3.03
Germany	1.38
Spain	1.20
Canada	0.59
United States	0.30
Belgium	0.29
Italy	0.24
Greece	0.04

Source: OECD/DAC



### Sao Tome and Principe uses of ODA by sector

Sector Name	Average Gross ODA Disbursements in the last 5 years
Action relating to debt	12,70%
Economic infrastructure and services	16,10%
Education	12,80%
Health and population	11%
Multisector/cross-cutting	4%
Other social sectors	15,20%
Production sectors	6,80%
Program assistance	18,20%
Other	3,20%

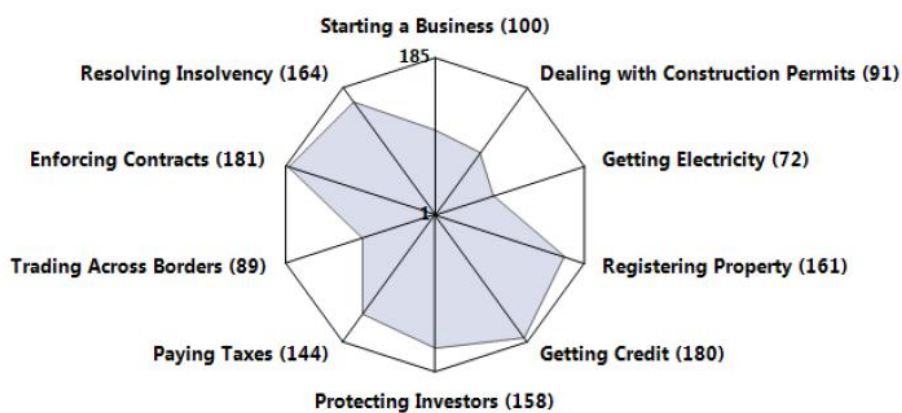
Source: OECD/DAC

### Sao Tome and Principe Net ODA evolution as percentage of GNI

Year	Net ODA as percent of GNI
2000	47,3 %
2001	51,3 %
2002	29,2 %
2003	39,4 %
2004	32,2 %
2005	29,0 %
2006	18,1 %
2007	34,2 %
2008	25,8 %
2009	15,6 %
2010	24,6 %
2011	30,2 %

Source: WB

### Exhibit 10 How Sao Tome and Principe ranks on Doing Business topics



Source: *Doing Business* Report 2013, p. 8

### Exhibit 11 SWOT analysis: Sao Tome and Principe country

Strenght	Weaknesses
Agriculture export crops Offshore oil reserves	Insufficient institutional capacity Poor infrastructure Embryonic private sector and weak business environment High poverty incidence and social constraints Lack of skilled workforce Weak Government capacity Highly dependence on aid Cost of insularity
Opportunities	Threats
Capitalize on its oil wealth Tourism development Agriculture diversification of crops export and fisheries Exploit hydropower	Economic insufficient diversification and vulnerability

Source: Adapted from AfDB, Sao Tome and Principe – Country Strategic Paper 2012-2016

### Exhibit 12 Survey to the MOVE-STP ex and current fellows and answers' analysis

#### Introduction

Dear *ex-fellow* or current *fellow* MOVE, I am Irene Fernandes – CLSBE master student – and I am developing my master thesis on Entrepreneurship and Development topic as I will be developing the case study of MOVE in São Tomé and Príncipe. This survey aims to understand the activities and editions' dynamics in the field of São Tomé. The survey responses will be anonymous, you will only be asked to identify your edition. The survey takes around 10 minutes time. Your contribution will be very important to the case study analysis, so I appreciate very much your participation.

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Q1 You should respond to the survey based on your own experience in the field, as you should think of MOVE back in time of your edition. Which was(is) you edition?

<input type="radio"/> 1 <sup>st</sup> edition (1)	<b>Edition</b>	<b>Started surveys</b>	<b>Completed surveys</b>
<input type="radio"/> 2 <sup>nd</sup> edition (2)	1	3	2
<input type="radio"/> 3 <sup>rd</sup> edition (3)	2	4	4
<input type="radio"/> 4 <sup>th</sup> edition (4)	3	3	2
<input type="radio"/> 5 <sup>th</sup> edition (5)	4	2	2
<input type="radio"/> 6 <sup>th</sup> edition (6)	5	4	4
	6	5	5
	<b>Total</b>	<b>21</b>	<b>19</b>

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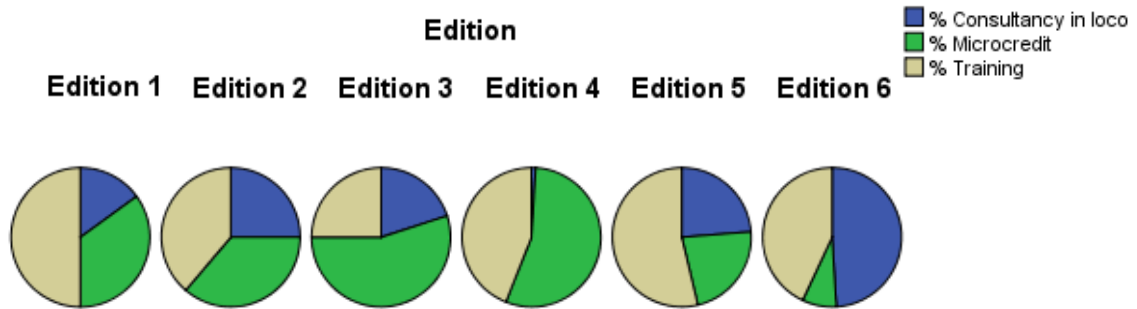
Q2 The three MOVE core activities in the field were(are) the microcredit, training and consultancy in loco. How much percentage (from 0 to 100%) of work time you dedicate(d) to each of the three activities in the field (sum up 100%)?

\_\_\_\_\_ Consultancy in loco (1)

\_\_\_\_\_ Microcredit (2)

\_\_\_\_\_ Training (3)

Edition	Consultoria in loco	Microcredit	Training	Total
1	15%	35%	50%	100%
2	25%	36,25%	38,75%	100%
3	20%	55%	25%	100%
4	1%	55%	44%	100%
5	23,75%	22,5%	53,75%	100%
6	49%	8%	43%	100%



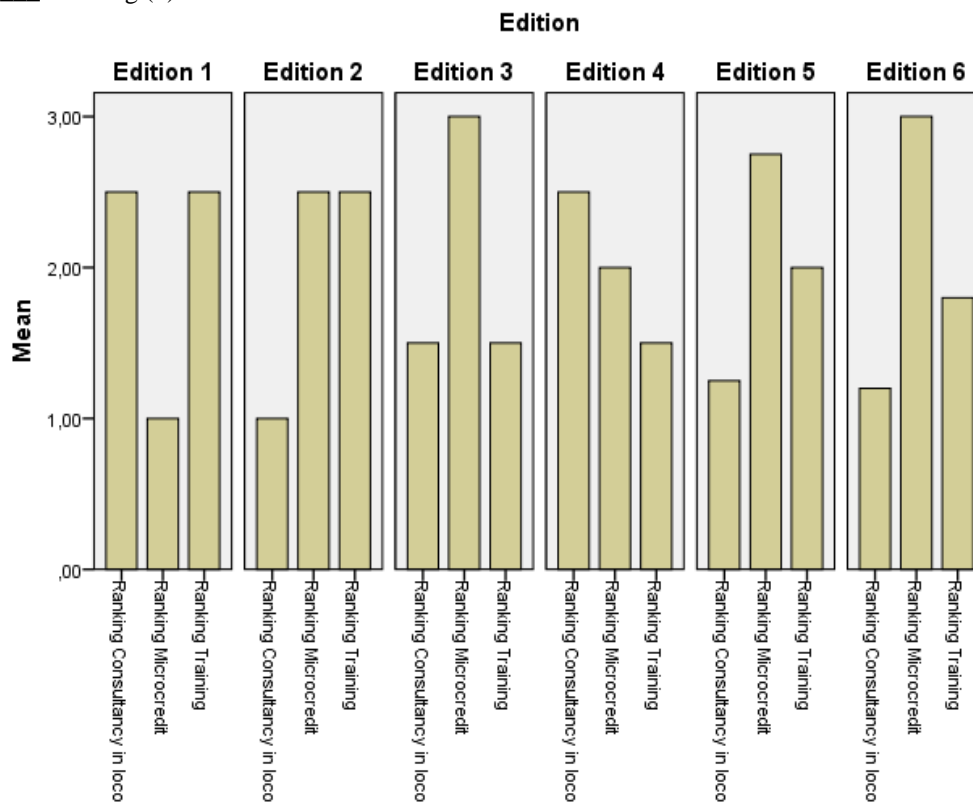
SPSS Statistic 20 output

Q3 Rank from 1 (most important) to 3 (least important) each activity in accordance to what you thought(think) it was(is) the degree of activity's importance.

\_\_\_\_\_ Consultancy in loco (1)

\_\_\_\_\_ Microcredit (2)

\_\_\_\_\_ Training (3)



SPSS Statistic 20 output

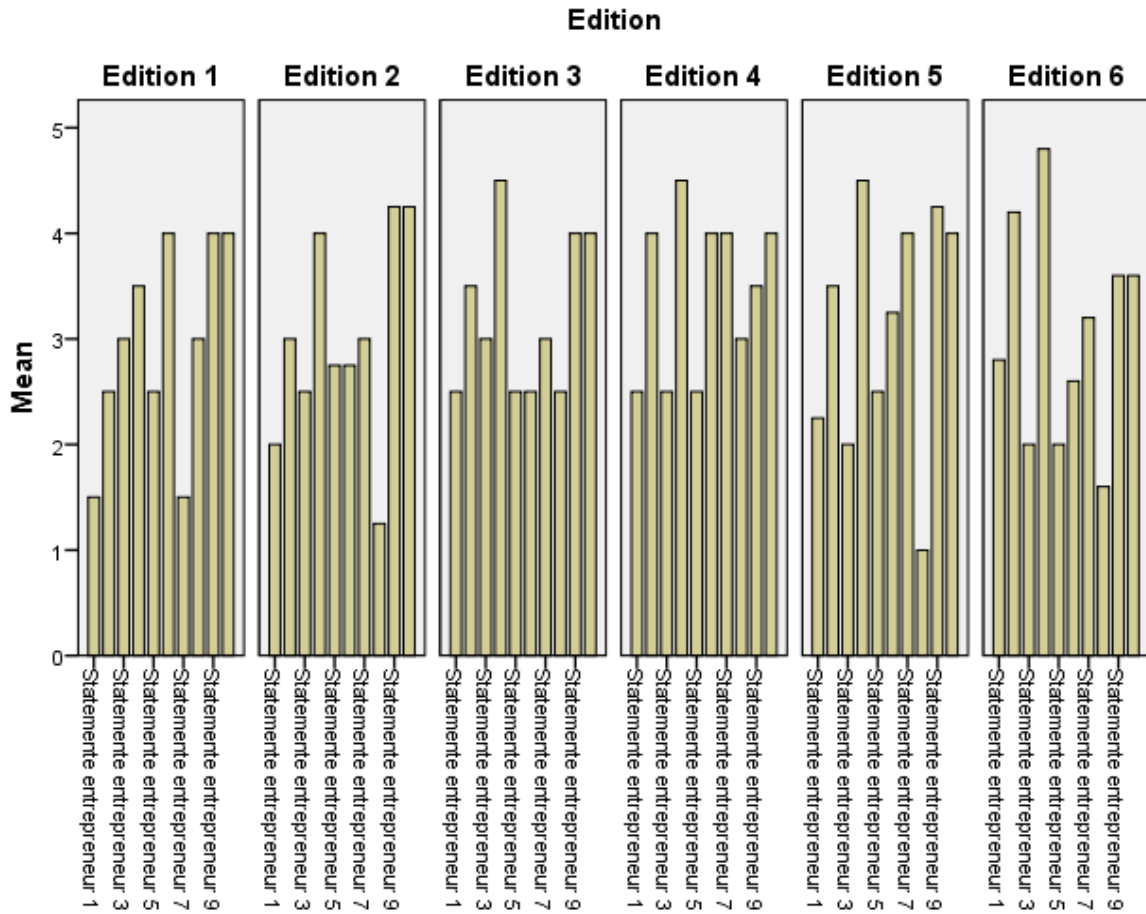
Q4 Microcredit is a tool used to boost entrepreneurship through capital access. Listed below are different opinions about Santomean entrepreneurs. Please, indicate how strongly you agree or disagree with each by using the following scale:

	Strongly disagree (1)	Disagree (2)	Neither agree nor disagree (3)	Agree (4)	Strongly agree (5)
The entrepreneur has difficulties in taking a compromise. (1)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
The entrepreneur has difficulties in keeping the compromise. (2)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
The entrepreneur is a good manager. (3)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
The entrepreneur is quite nice. (4)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
The entrepreneur has an innovative mindset. (5)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
The entrepreneur shows ambition. (6)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
The entrepreneur is laid-back. (7)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
The entrepreneur does not like MOVE fellows visit. (8)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
The entrepreneur is interested in his/her business. (9)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
The entrepreneur seems to be dedicated to his/her family. (10)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

**Report**

	Stat.1	Stat.2	Stat.3	Stat.4	Stat.5	Stat.6	Stat.7	Stat.8	Stat.9	Stat.10
Mean	2,32	3,53	2,37	4,37	2,42	3,05	3,21	1,79	3,95	3,95
N	19	19	19	19	19	19	19	19	19	19
Std. Deviation	,820	,905	,684	,597	,607	1,079	1,032	,918	,621	,621

SPSS Statistic 20 output

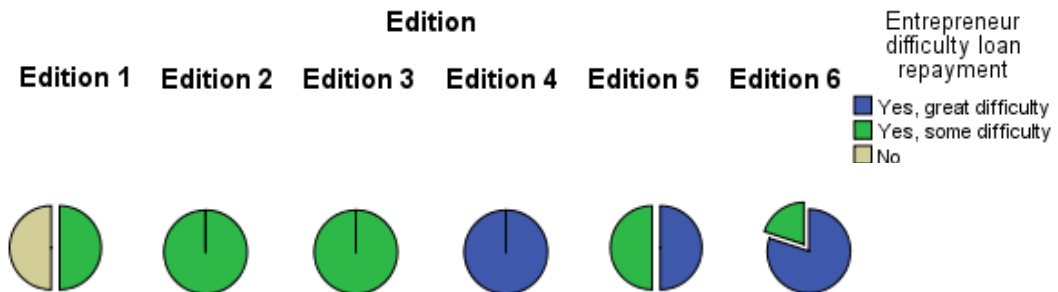


SPSS Statistic 20 output

Q5 Did(Do) you feel that entrepreneurs have difficulties in repaying the loans?

- Yes, great difficulty (1)
- Yes, some difficulty (2)
- No (3)

Answer If *Did/Do* you feel that entrepreneurs have difficulties in repaying the loans? No Is Selected, Then Skip To O6



SPSS Statistic 20 output

Q5.1 Indicate at least 3 reasons why entrepreneurs have difficulties in repaying the loan.

- They did/do not differentiate business from personal life. (1)
- Business low potential did(do) not allow enough revenues. (2)
- Loan amount plus interest was(is) too high. (3)
- Little business commitment (4).
- Living costs in São Tomé are too high. (5)
- Other. Which one? (6) \_\_\_\_\_

Answer	Response	%
They did/do not differentiate business from personal life	11	24%
Business low potential did(do) not allow enough revenues	11	24%
Loan amount plus interest was(is) too high	11	24%
Little business commitment	1	2%
Living costs in São Tomé are too high	2	4%
Other. Which one?	9	20%

**Other reasons mentioned**

Not really interested in repaying the loan whatever he/she had the money or not

Project dispersion

Revenues not available in the short term

The entrepreneur simply forgets to pay; mismanagement

At the beginning is not easy to generate enough revenues to repay the loan

The business plans do not estimate revenues properly

Health problems

Lack of innovative projects; available loan amount may be a constrain

Q6 Did(Do) you feel, in most of the time you dedicate(d) to the entrepreneur, as a pure debt collector?

- Yes (1)
- No (2)
- Maybe (3)

**Debt collector \* Edition Crosstabulation**

Count

	Edition						Total
	Edition 1	Edition 2	Edition 3	Edition 4	Edition 5	Edition 6	
Yes	0	0	0	1	2	1	4
Debt collector No	2	3	1	0	0	1	7
Maybe	0	1	1	1	2	3	8
Total	2	4	2	2	4	5	19

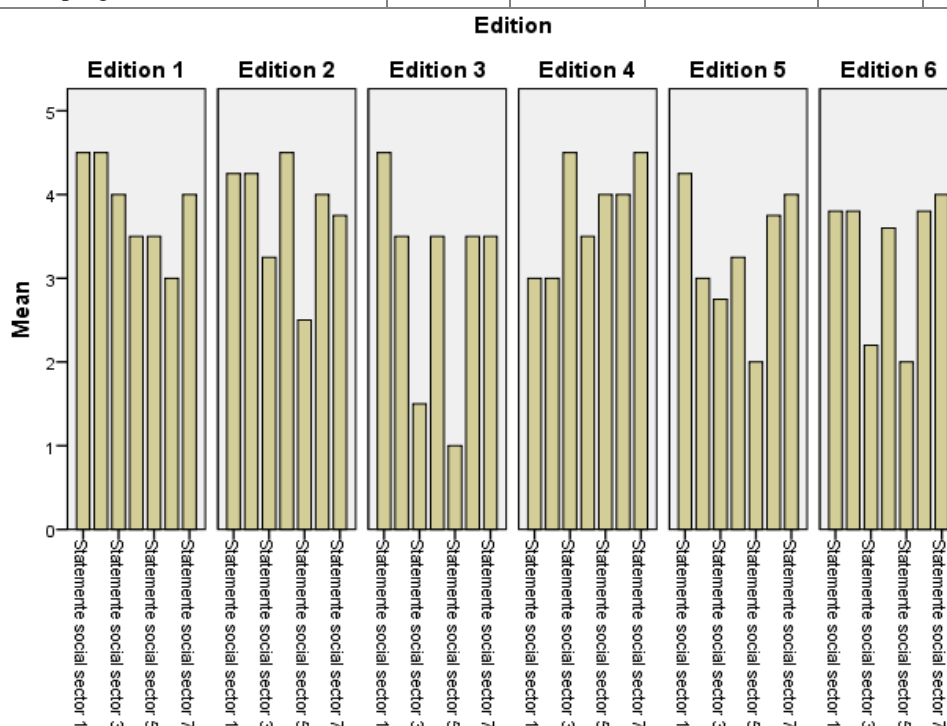
SPSS Statistic 20 output

Q7 Please, write down up to 3 partnerships that you remember to be relevant to the MOVE activity in São Tomé.

Partnerships mentioned		
Liceu Nacional	AMI	CST
ISP-STP	CACAU/ Casada Cultura	SCM-STP
Leigos para o Desenvolvimento	FCJ	MdM
Grupo Pestana	ALISEI	MARAPA
ALISEI	BISTP	AJEIE

Q8 Listed below are different opinions about partnerships (excluding the structural partnerships Grupo Pestana and BISTP). Please, indicate how strongly you agree or disagree with each by using the following scale:

	Strongly disagree (1)	Disagree (2)	Neither agree nor disagree (3)	Agree (4)	Strongly agree (5)
Partnerships are important so MOVE can acquire visibility in the field. (1)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Partnerships lead to higher credibility. (2)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Partnerships require hours of preparation work. (3)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Partners search for MOVE, not the other way around. (4)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Projects in partnerships are successful. (5)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Projects in partnerships impact Santomean society. (6)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Projects in partnerships create greater impact in Santomean society in comparison to the individual microcredit programme. (7)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>



## Report

	Stat. 1	Stat. 2	Stat. 3	Stat. 4	Stat. 5	Stat. 6	Stat. 7
Mean	4,42	4,53	3,79	2,58	3,84	4,16	4,21
N	19	19	19	19	19	19	19
Std. Deviation	1,017	,612	,918	1,170	,898	,765	,713

SPSS Statistic 20 output

Q9 Did(Do) you feel like MOVE in São Tomé is able to develop a sustainable work, useful to Santomean society?

	Answer	Response	%
<input type="radio"/> Yes (1)	Yes	12	63%
<input type="radio"/> No (2)	No	2	11%
<input type="radio"/> Maybe (3)	Maybe	5	26%
	<b>Total</b>	<b>19</b>	<b>100%</b>

Q10 Did(Do) you feel like MOVE in São Tomé perform(ed) better than other NGOs in the field?

	Answer	Response	%
<input type="radio"/> Yes (1)	Yes	8	42%
<input type="radio"/> No (2)	No	3	16%
<input type="radio"/> Maybe (3)	Maybe	8	42%
	<b>Total</b>	<b>19</b>	<b>100%</b>

Q10.1 This question does not ask for a mandatory response. If you think it is convenient for you, please justify minimally your point of view in the former matter.

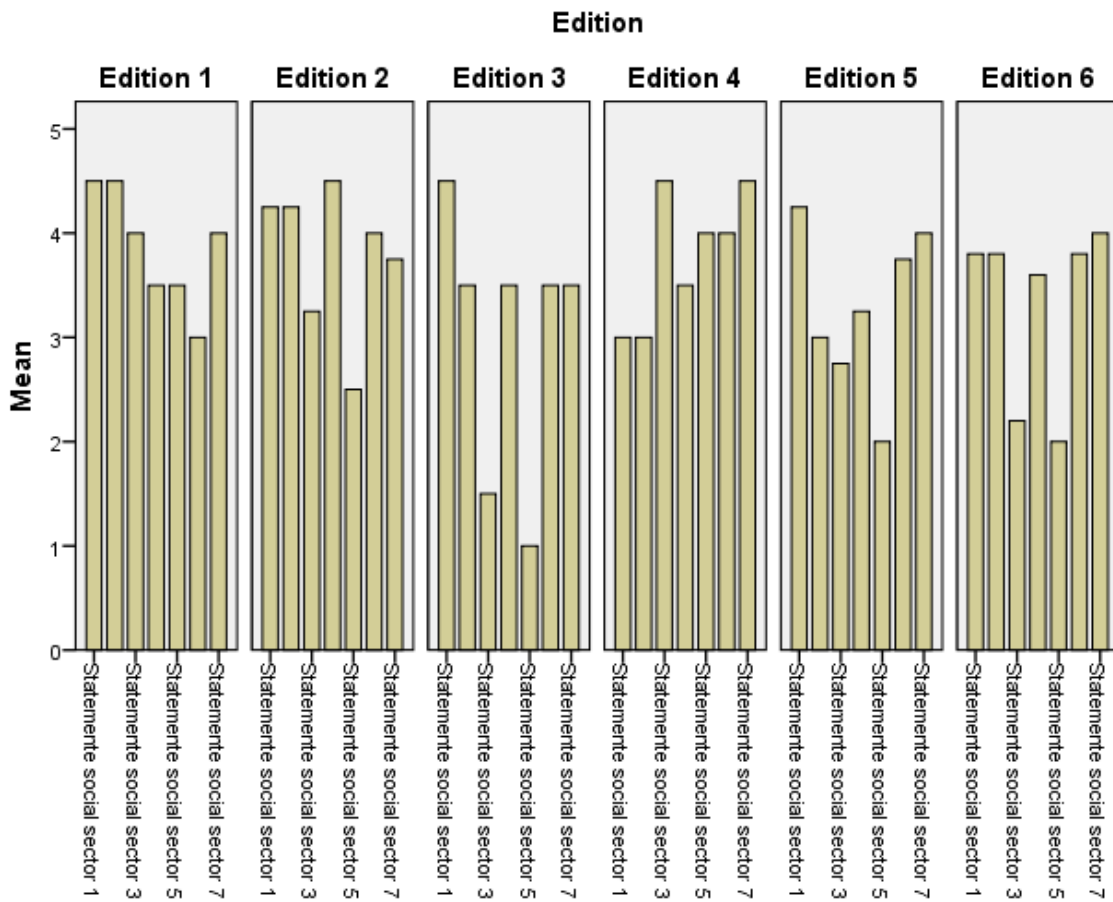
### Some important justification points (Q10) from the fellows:

- ‘MOVE is possibly one of the youngest NGO in the country, so it is not comparable to the others that operate up to 10 years in the field and that have complex structures. But I believe, even though being young (young NGO with young people) and not professionalized, it differentiates from others through its personalized monitoring process and very unique *follow-up*.’
- ‘Even though MOVE does have impact, designed projects from other NGOs have a larger time frame and reach more people’
- ‘MOVE has a multisectorial approach on management topic which allows working with other institutions that have bigger projects, and helping communities and individuals.’
- ‘Even though not being as funded as other NGOs, MOVE is effective and efficient and it is supported by high qualified staff’
- ‘MOVE volunteers are the one that probably have the least financial and logistic support in the field (...) but they are also the best prepared in management topic (...)’
- ‘NGOs in STP are very much institutionalized and not very agile’
- ‘MOVE is a young association; it has a lot of potential but also has lack of financial and logistic resources. It is hard to compete with NGOs that have years of experience in the field and that are mostly supported by ONU’
- ‘I believe MOVE is a small organization with willing people, but sometimes it turns to be easy to forget what has been done (...) Other NGOs that have a responsible living for longer periods in the country which allows them to better understand the field and conveys continuity to the projects and objectives’
- ‘I feel like other NGOs in the field enjoy more support from the structure than MOVE’



Q11 Listed below are different opinions about social sector (represented by nonprofit and non-governmental organizations) in São Tomé and Príncipe. Please, indicate how strongly you agree or disagree with each by using the following scale:

	Strongly disagree (1)	Disagree (2)	Neither agree nor disagree (3)	Agree (4)	Strongly agree (5)
It is disorganized. (1)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
It has poor management capacity. (2)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
It has lack of financial funds. (3)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
It is not very effective. (4)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
It is not sufficient, it should be greater. (5)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
It plays an important role in Santomean living. (6)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
It represents opportunities (e.g. learning, healthcare, business) to the Santomean. (7)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>



SPSS Statistic 20 output

## Report

	Stat. 1	Stat. 2	Stat. 3	Stat. 4	Stat. 5	Stat. 6	Stat. 7
Mean	4,05	3,68	2,89	3,68	2,37	3,74	3,95
N	19	19	19	19	19	19	19
Std. Deviation	,780	,885	1,410	,885	1,212	,653	,705

SPSS Statistic 20 output

Q12 Which was(is) the main MOVE differentiating factor in São Tomé over the other NGOs in the field?

- Management and entrepreneurship qualification and capabilities (1)
- Microcredit delivery (2)
- Youthful spirit (3)
- Other. Which one? (4) \_\_\_\_\_
- There is no such thing as differentiating factor. (5)

Answer	Response	%
Management and entrepreneurship qualification and capabilities	11	58%
Microcredit delivery	1	5%
Youthful spirit	1	5%
There is no such thing as differentiating factor	0	0%
Other. Which one?	6	32%
<b>Total</b>	<b>19</b>	<b>100%</b>
<b>Other differentiating factors mentioned</b>		
Continued dedication to work		
Proximity with Santomean population		
Proximity and personalized help		
Personalized monitoring		
Not restricted to owned projects, so it can interfere in a larger range of projects at any time		
Constant monitoring in every project		

Q13 Do you think that MOVE financial dependency model will be sustainable in the long run?

- Yes (1)
- No (2)
- Maybe (3)

Answer	Response	%
Yes	1	5%
No	13	68%
Maybe	5	26%
<b>Total</b>	<b>19</b>	<b>100%</b>

Q13.1 This question does not ask for a mandatory response. If you think it is convenient for you, please justify minimally your point of view in the former matter.

**Some important justification points (Q13) from the fellows:**

- ‘The aim shall be becoming more autonomous, not the other way around’

- ‘The MOVE positioning in Sao Tomé and the work that is under development is increasingly requiring professionalism and the current financial dependency model turns to be not enough. Related to this it raises the increasingly recognition concerning MOVE’s training and consultancy abilities that are creating financing opportunities for the organization.’
- ‘I believe no dependency model is actually sustainable for any type of organization; and when the organization’s work becomes recognized and the work scalable, it does not even make sense to keep such a model. I think it is possible for MOVE-STP to get revenues that could be invested in other social projects.’
- The current MOVE financial dependency is highly risky. If MOVE aims to be a sustainable NGO and ward off any activity closure, it shall explore other financial resources. Depending solely on donations and fellows proximity to the project is a short term strategy (...) European funds, embassies, other type of contributions are examples that MOVE can take to diversify the financial support, but it also could motivate team fellows in the fields to become self-sustainable’
- ‘It might be possible to ‘survive’ relying on donations in the long term, depending on the enterprises’ willingness, but it is also possible to grow as a professionalized organization’
- ‘We are very much dependent in external financial support, and when an economic crisis comes, the donor will cut off their financial support.’
- ‘Volunteers have to support the costs in the field because of lack of financial support from MOVE what actually does not happen with other NGOs in the field (...)’

Q14 In order to become more sustainable, which ‘social enterprise’ model you think would fit better to MOVE STP?

- Profitable business unit creation that would be employing Santomeans. (1)
- Profitable business unit independent from the organization’s mission. (2)
- Charge fees for the consultancy services and others. (3)
- Integrate the value chain of another organization. (4)
- Other. Which one? (5) \_\_\_\_\_
- I do not think a ‘social enterprise’ model would work for MOVE STP. (6)

Answer If I do not think a ‘social enterprise’ model would work for MOVE STP. Is Selected, Then Skip To Q15

Answer	Response	%
Profitable business unit creation that would be employing Santomeans.	2	11%
Profitable business unit independent from the organization’s mission in the field.	0	0%
Charge fees for the consultancy services and others.	10	53%
Integrate the value chain of another organization.	3	16%
I do not think a ‘social enterprise’ model would work for MOVE STP.	3	16%
Other. Which one?	1	5%
<b>Total</b>	<b>19</b>	<b>100%</b>

**Other ‘social enterprise’ models mentioned:**

Charge fees for the consultancy services and others but only to SMEs not to individual entrepreneurs.

Q14.1 This question does not ask for a mandatory response. If you think it is convenient for you, please justify minimally your point of view in the former matter.

**Some important justification points (Q14) from the fellows:**

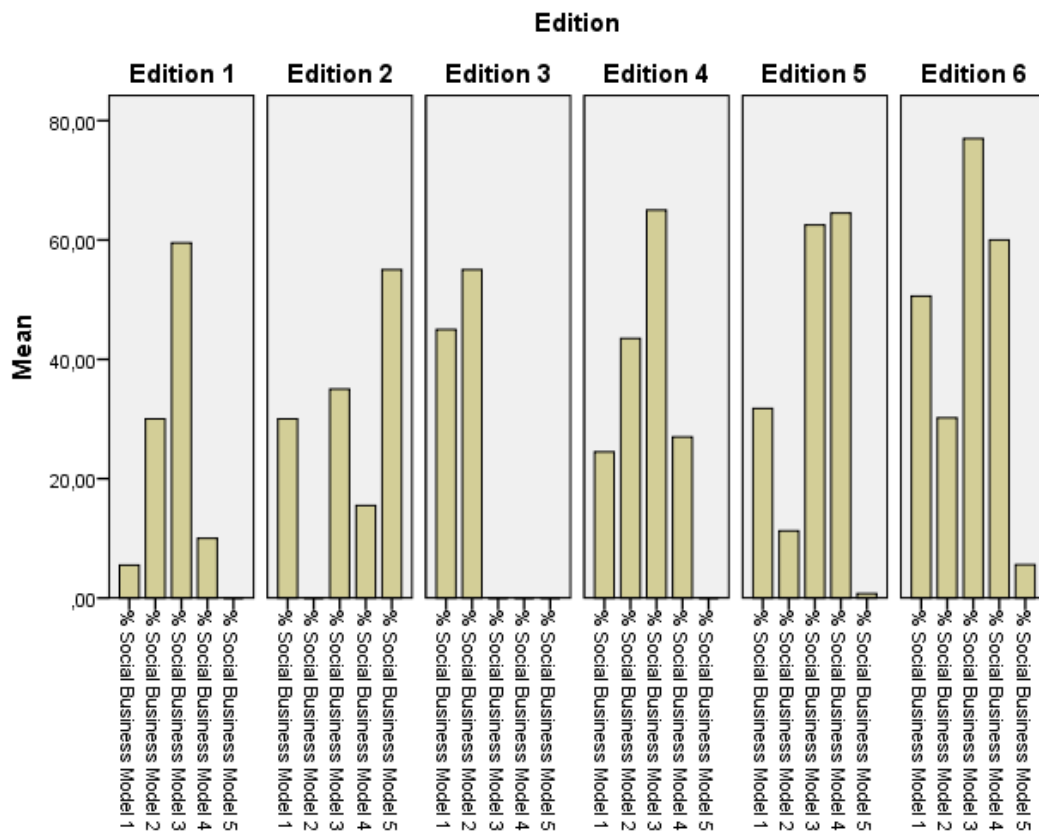
- ‘A business unit creation would imply a huge legal and management complexity that a young and inexperienced team that rotates every six month would not be able to catch up with it (...) Other idea would be to manage an investment fund participated by ex- microcredit beneficiaries

under local enterprises patronage which could invest in projects with high financial and social returns’

- ‘MOVE should find partnerships that could generate revenues and contribute to sustain the primarily objective that is help to improve Santomeans’ living conditions.’
- ‘Currently, the main activities undertaken by MOVE in São Tomé are related to projects with NGOs that are funded by funds they get through applications. At the present, MOVE applying alone for funding is a difficult scenario, but it can make part of those projects undertaken by other NGOs as consultants, generating revenues from that partnerships.’
- ‘I think that the work MOVE does might be mainly driven by social objectives and at the same time generate revenues and promote sustainability in STP.’

Q14.2 Please attribute 0 to 100% as representing the suitability of each of the ‘social enterprise’ models to MOVE STP (100% represents perfect suitability; in the case you have not ‘Other’ model to add, please attribute 0% to that option)?

- Profitable business unit creation that would be employing Santomeans. (1)
- Profitable business unit independent from the organization’s mission in the field. (2)
- Profitable business unit creation that would be employing Santomeans. (1)
- Profitable business unit independent from the organization’s mission in the field. (2)
- Charge fees for the consultancy services and others. (3)
- Integrate the value chain of another organization. (4)
- Other. Which one? (5)



SPSS Statistic 20 output

Q15 Identify until 3 characteristics of your edition that you think that played(play) a very important role in the activities' progress in the field:

- Dynamism (1)
- The spirit of union (2)
- Reaction (3)
- Action (4)
- Sympathy (5)
- Analytic capacity (6)
- Interpersonal skills (7)
- Adaptability (8)
- Flexibility (9)
- Other. Which one? (10) \_\_\_\_\_

Answer	Response	%
Dynamism	13	23%
The spirit of union	8	14%
Reaction	2	4%
Action	5	9%
Sympathy	2	4%
Analytic capacity	3	5%
Interpersonal skills	8	14%
Adaptability	7	13%
Flexibility	8	14%

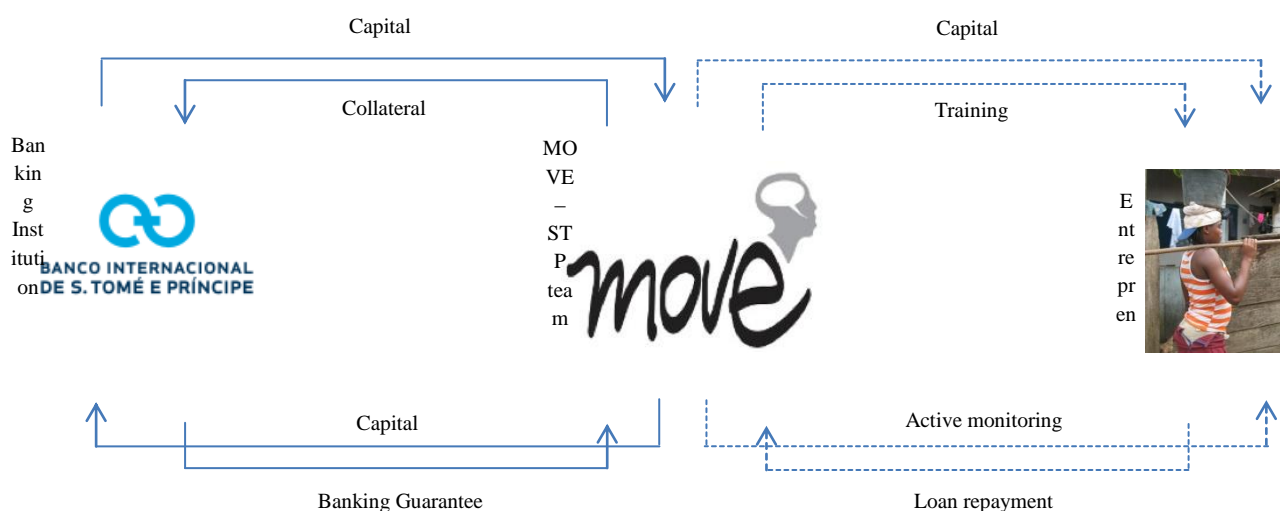
### Conclusion

Thank you very much. Your contribution was very important for the MOVE in São Tomé and Príncipe case study analysis.

## Exhibit 13 MOVE-STP Microcredit representative scheme

### Stage 1 Microcredit Activity

After the entrepreneurs' selection process and business planning, *fellows* get the approval from the banking institution; MOVE receives the capital and loans are provided to the entrepreneurs.



### Stage 2 Entrepreneurs and Business Monitoring

After the loan is provided, *fellows* support the business implementation and active monitoring, thus assuring the loan is repaid. When loan is 100% repaid *fellows* follow-up the entrepreneur's activity.

Source: MOVE Annual Report 2012/2013

### Exhibit 14 Microcredit and Entrepreneurs Information

Edition	Banking Institution	Entrepreneur	Local	Age	Education	Marital status	House hold	Business	Loan (STD)	Loan (Euro)	Interest	Loan + Interest (STD)	Loan objective
1	BISPT	Abocholai Quaresma 'Lay'	Cidade	27	12°	Single	4	Selling eggs	12.000.000	489,80	15%	12.616.690,00	Build a poultry
1	BISPT	Claudina Sacramento	Cidade	41	7°	Single	12	Selling clothes	10.160.000	414,69	15%	11.684.000,00	Increase production
1	BISPT	Octávia Trindade 'Quiny'	Trindade	38	7°	Single	3	Selling fish	9.500.000	387,76	15%	9.978.211,00	Buy a freezer
1	BISPT	Etelvina Teixeira 'Jó'	Cidade	49	8°	Single	4	Nursering	18.280.000	746,12	15%	19.910.446,00	Open a nursering spot
1	BISPT	Domingos	Santo Amaro	36	4°	Married	6	Building caravels	20.000.000	816,33	15%	21.822.099,00	Buy equipment
1	BISPT	Elísia	Santo Amaro	41	8°	Married	9	Building caravels	20.000.000	816,33	15%	21.822.099,00	Buy equipment
2	BISPT	Cristel Oliveira	Água-Izé	31	8°	Married	1	Fishing	20.000.000	816,33	15%	21.689.819,00	Buy a caravel
2	BISPT	Heraclita Calonga 'Quita'	Monte Café	25	-	Single	3	Producing and selling jams	16.251.800	663,34	15%	17.624.030,00	Buy raw material and equipment
3	BISPT	Edmar Fernandes 'Kiny'	Cidade	38	7°	Married	4	Dressmaking	19.010.000	775,92	15%	20.360.757,43	Increase production capacity
3	BISPT	Joarces Soares 'Juarês'	Cidade	31	9°	Married	6	Traveling cake shop	14.150.000	577,55	15%	15.287.303,00	Buy equipment
3	BISPT	Alexander Costa 'Alex'	Cidade	29	6°	Married	3	Producing and selling snaks at schools	6.700.000	273,47	15%	6.969.866,00	Increase production capacity
3	BISPT	Filipe Espírito Santo	Cidade	49	4°	Married	4	Selling eggs	20.000.000	816,32	15%	21.639.618,00	Buy equipment
3	BISPT	Afonso Daio	Cidade	32	9°	Married	4	Bakery	19.745.000	805,92	15%	21.363.670,00	Buy raw matterial and equipment

Edition	Entrepreneur	Installment/ week (STD)	Installment/ week (Euro)	Loan receivment	Total week installments est.	Loan payment est.	Missed weekly payments	Loan payment	Payment status	Current business activity
1	Abocholai Quaresma 'Lay'	369.000	15,06	25-07-2011	30	05-03-2012	0	08-03- 2012	Paid	Yes
1	Claudina Sacramento	231.000	9,43	25-07-2011	52	23-07-2012	0	01-11- 2011	Paid	No
1	Octávia Trindade 'Quiny'	284.777	11,62	25-07-2011	31	05-03-2012	0	08-03- 2012	Paid	Yes
1	Etelvina Teixeira 'Jó'	377.183	15,4	26-09-2011	52	24-09-2012	0	27-08- 2012	Paid	Yes
1	Domingos	412.672	16,84	09-11-2011	52	31-10-2012	Yes**	05-12- 2012	Paid	Yes
1	Elísia									
2	Cristel Maria Ribeiro de Oliveira	417.000	17,02	05-03-2012	52	04-03-2013	Yes	15-03- 2013	Paid	Yes
2	Heraclita Maria Calonga 'Quita'	383.322	15,65	06-03-2012	52	04-03-2013	Yes	09-08- 2013	Paid	No
3	Edmar Fernandes 'Kiny'	460.000	18,78	01-08-2012	48	04-07-2013	Yes	-	Currently paying	Yes
3	Joarces Soares 'Juarês'	318.000	12,98	01-08-2012	52	26-07-2013	Yes	-	Currently paying	Yes
3	Alexander Costa 'Alex'	330.000	13,47	02-08-2012	24	17-01-2013	Yes	07-03- 2013	Paid	Yes
3	Filipe Espírito Santo	470.000	19,18	20-08-2012	52	19-08-2013	Yes	Bankrupt ***	N/A	No
3	Afonso Daio	433.000	17,67	14-09-2012	52	13-09-2013	Yes	-	Currently paying	Yes

\*\* The entrepreneurs often missed weekly payment, but there were weeks in which they covered all weekly installments they missed

\*\*\* MOVE had to pay the collateral, meaning that the NGO had to pay the loan and the respective interest directly to the bank.

Source: MOVE internal reports

## Exhibit 15 Partnerships and Projects Information

Partnership	Partner	Edition	Year	Objective	Project	Location	Project status
NGO	FCJ	1 and 2	2011/2012	Activities support	FCJ activities support	Água Grande	Done
NGO	ALISEI	2	2011	Training	Cost accounting, operations and human resources management training to Associação de Secagem Bernardo Faro board directors - MCPA Project	Água Izé	Done
NGO	AMI	2	2011	Training	Creativity, innovation, marketing and general management training to activists and associations in Caué district	Caué	Done
Telecommunication Enterprise	CST	2	2011/2012	Consultancy	Consumer behavior and marketing analysis framework	N/A	Done
NGO	AHEAD/WACT	3	2012	Seminar	Management and Entrepreneurship seminar targeting young people	N/A	Done
NGO	FCJ	3	2012	Activities support	FCJ activities support	Água Grande	Done
Hotel Group	Pestana - Miramar Hotel	3	2012	Training	Leadership and Team work lessons	Sao Tome	Done
Small business	Helionor	3	2012	Consultancy	Logistics and promotional strategy support	-	Done
NGO	AMI	3	2012	Training	Associationism training to Associação Solidária de Cão Grande	Caué	Done
Hotel	Hotel Praia	3	2012	Training	Leadership and team work lessons	N/A	Done
NGO	MdM	3	2012	Training	Associationism and general management training to HIV-positive people – ‘Viver Positivo’ Project	Sao Tome	Done
Other	State of Sao Tome and Principe	3	2012	Training	‘Centro de Empreendedorismo e Negócios’ (Entrepreneurship and business school hub)	N/A	Withdraw
NGO	ALISEI	4	2012	Training	Entrepreneurial and commercial management training to 103 entrepreneurial women - PADRHU Project	Sao Tome	Done



NGO	FCJ	4 and 5	2012/2013	Activities support	English classes - Escola Aberta	Água Grande	Done
NGO	LD	5	2013	Training and business monitoring	General management training and small business monitoring inside a community – ‘Bairro da Boa Morte’ Project	Porto Alegre	Done
Educational Institution	ISP-STP	5	2013	Promoting Entrepreneurship and training	Entrepreneurship Summer School: brainstorming and business planning (entrepreneurship as the main driver for Santomean economy development)	Sao Tome	Done
Educational Institution	Liceu Nacional	5	2013	Promoting Entrepreneurship and training	‘Move-te’ competition: Marketing, human resources, finance and operations management lectures, business plan and final presentation	Sao Tome	Done
Hotel Group	Pestana - Equador	5	2013	Training	English and team building lessons	Ilhéu das Rolas	Done
NGO	ALISEI	5	2013	Consultancy and training	Business idea validation, general management training and monitoring – ‘Reforçar a resposta de São Tomé e Príncipe à epidemia HIV-SIDA’ Project	Sao Tome	Done
Small business	Sabor d’Ilha	5	2013	Consultancy	Operations management and price strategy support	-	Done
Other	Paróquia da Conceição	5 and 6	2013	Training	General management lessons	Sao Tome	Done
Other	SCM-STP	5 and 6	2013	Consultancy, training and monitoring	Product development, selling advising, business launch and monitoring - <i>Nh’a Banana Séco</i> Project	Vista Alegre	In progress
NGO	AMI	6	2013	Consultancy and business monitoring	Business planning and posterior implementation regarding an animal breeding business association – ‘Associação Solidária de Cão Grande’ Project	Caué	Done
NGO	MdM	6	2013	Training and initiative follow-up	Entrepreneurship and small handicraft business management training to HIV-positive people – ‘Viver Positivo’ Project	Sao Tome	Done

Educational Institution	ISP-STP	6	2013	Promoting Entrepreneurship and consultancy	Hub for entrepreneurial activities and business ideas – development of a ‘start-up consultant office’ where (young) entrepreneurs could meet particular assistance to their ideas and projects	Sao Tome	Under negotiation
NGO	MARAPA	6	2013	Consultancy	Business planning – promoting financial and operational sustainability of COPAFRESCO from MARAPA NGO	-	In progress
NGO	Marapa/ALISEI	6	2013	Consultancy and monitoring	Business planning and business unit ‘supervisor’ – Jalé Project	P. Jalé	Under negotiation
Educational Institution	Liceu Nacional	6	2013	Promoting civic debate	‘Pros and Cons’ (3 debates on civic issues: NGOs' role in Sao Tome and Principe; Emigration; Genders' role in Santomean society)	Sao Tome	Done
Other	Forum Empreendedores São Tomenses	6	2013	Promoting Entrepreneurship	Atelier on Entrepreneurship	Sao Tome	Done
Media	Ké Kua	3	2012	Promoting entrepreneurship and MOVE visibility	Articles on microcredit MOVE-STP activity	N/A	Done
NGO	AMI	6	2013	Training and business monitoring	Animal breeding and selling business - Associação Solidária de Cão Grande Project	Caué	Near future
Educational Institution	Liceu Nacional	6	2013	Promoting civic debate	‘Roça Nossa’ initiative: leveraging entrepreneurship with Santomean resources	Sao Tome	Near future
Educational Institution	Liceu Nacional	6	2013	Promoting civic debate	‘Semana de emprego’ initiative: insights on Santomean job market	Sao Tome	Near future
Hotel Group	Pestana - Resort	6	2013	Training	English lessons	Sao Tome	Near future
Hotel Group	Pestana - Miramar Hotel	6	2013	Training	English lessons	Sao Tome	Near future
Hotel Group	Pestana - Equador	6	2013	Training	English lessons	Ilhéu das Rolas	Near future
NGO	TESE	6	2013	Consultancy and business monitoring	Support small farmers and agriculture associations in producing, transforming, preserving and commercializing local products, notably supplying to schools canteen	5 out of 7 districts	Under negotiation

NGO	ALISEI	6	2013	Consultancy and initiative monitoring	Connecting local producers directly to the school canteens as national project funded by WFP - 'Innovative school food supply through local farmer cooperatives in STP'	-	Under negotiation
NGO	ALISEI	6	2013	Consultancy and monitoring	Connecting local producers to supply school canteens - PIPAGA Project	-	Near future
Other	Instituto da Juventude	6	2013	Training and business monitoring	Leverage entrepreneurship in <i>roças</i>	Boa Entrada	Near future
NGO	Instituto da Juventude	6	2013	Training and business monitoring	Leverage entrepreneurship in <i>roças</i>	Agostinho Neto	Near future
Media	Rádio Nacional	6	2013	Promoting entrepreneurship and MOVE visibility	"Dica da MOVE" initiative	N/A	Under negotiation
Banking Institution	BISTP	1 to 6	2011 to present	Individual lending	MOVE Microcredit activity	National	In progress

Source: MOVE internal reports

## Exhibit 16 Private Companies Partners

### Partner

BISPT – ‘Banco Internacional de São Tomé e Príncipe’ – Private commercial bank



Grupo Pestana – Pestana Hotel & Resorts



CST – ‘Companhia de Telecomunicações Sãotomense’ – Telecommunication enterprise



### Key Facts

- The main actor in Santomean banking sector;
- 9 agencies throughout the country;
- Shareholders: State of Sao Tome and Principe, 48%; Caixa Geral e Depósitos (CGD, Portuguese bank), 27%; and Banco Angolano de Investimentos (BAI, Angolan bank), 25%

Source: <http://www.bistp.st/>, viewed 04-12-2013

- Largest Portuguese group in tourism sector;
- Targets medium, medium-high to high social class customers;
- Play an important role in Sao Tome and Principe tourism as it holds 3 main hotel units in the country: Miramar by Pestana (Sao Tome), Pestana Equador (Ilhéu das Rolas) and Pestana Sao Tome (Sao Tome)

Source: <http://www.pestana.com/pt>, viewed 04-12-2013

- Pioneer in telecommunications in Sao Tome and Principe;
- Number one in telecommunications’ sector;
- Former monopolist;
- Shareholders: State of Sao Tome and Principe, 49%; and Africatel Holding B.V. (Portugal Telecom), 51%.

Source: <http://www.cstome.net/>, viewed 04-12-2013

## Exhibit 17 MOVE Microcredit article in Kê Kuá







Source: MOVE internal reports

## Exhibit 18 TVS News on “Move-te” competition (‘Liceu Nacional’ initiative)



Source: MOVE internal reports

## Exhibit 19 NGOs Partners

Partner	Key Facts
<p>ALISEI – Italian global NGO</p> 	<ol style="list-style-type: none"> <li>Operates in 44 developing countries from Asia, Europe, Africa and Latin America;</li> <li>Focuses on self-sustainable development and reducing external aid dependency;</li> <li>Targets poverty reduction in socio sanitary, veterinary, educational-training, human rights protection, environmental and habitat preservation areas as focusing mainly on children and women, and also supporting programmes targeting directly the development of income generating activities (also intervenes in emergency contexts);</li> <li>Main sponsors: United Nations Development Programme (UNDP), UNICEF, World Food Programme (WFP), Food and Agricultural Organization of the United Nations (FAO), WB and diverse entities from the European Commission.</li> <li>In Sao Tome and Principe: Operating since 1988 in sanitary field (e.g. significant agenda on infectious diseases: HIV/AIDS), farming industry (e.g. rural community development) and housing (e.g. building and rehabilitation in rural communities).</li> </ol> <p>Source: <a href="http://www.alisei.org/">http://www.alisei.org/</a>, viewed 05-12-2013</p>
<p>AMI – ‘Assistência Médica Internacional’</p> 	<ol style="list-style-type: none"> <li>Portuguese NGO that, besides Portugal, is present in countries in Africa, South America, Asia and Middle East;</li> <li>Aims to operate in emergency contexts, reducing poverty, social exclusion and promoting development;</li> <li>It has three types of international intervention: exploratory, emergency and development missions;</li> <li>In Sao Tome and Principe: Operating since 1998 in Caué (Sao Tome Island) and Pagué (Principe Island) in partnership with Santomean Government. At the moment, the organization performs both development and exploratory missions in the field. It is involved in health care (training caregivers), associationism (‘Associação Solidária de Cao Grande’, Caué) and other social areas (day care center, Malanza).</li> </ol> <p>Source: <a href="http://www.ami.org.pt">http://www.ami.org.pt</a>, viewed 05-12-2013</p>
<p>MARAPA – ‘Mar, Ambiente e Pesca Artesanal’</p> 	<ol style="list-style-type: none"> <li>Operating in Sao tome and Principe only, it is the one NGO in the field strictly related to the marine environment and artisanal fisheries;</li> <li>Targets habitat and sea ecosystems protection, and fisheries support management;</li> <li>Involved in 4 important projects related to fisheries: COPAFRESCO, PROFOPESCAS, PRIASA and ‘Projecto de Adaptação às Mudanças Climáticas – melhoria da segurança no mar’;</li> <li>Embracing 3 important projects related to environmental preservation: ‘Programa Tatô’, Operação Tunhã and ‘Reforço do ecoturismo na periferia do Parque Natural Obô de Sao Tome’ (including <i>Jalé Ecolodge</i> project) all leveraging ecoturismo;</li> <li>Projects are sponsored by organizations such as EU, AfDB and WB.</li> </ol> <p>Source: <a href="https://sites.google.com">https://sites.google.com</a>, viewed 05-12-2013</p>
<p>MdM – ‘Médicos do Mundo’</p> 	<ol style="list-style-type: none"> <li>Portuguese NGO that targets the humanitarian and development issues under the health care sector;</li> <li>Present in Portugal, Mozambique, Sao Tome and Principe and East-Timor;</li> <li>In Sao Tome and Principe: works in partnership with ‘Instituto Português de Apoio ao Desenvolvimento’ (IPAD) and performs two different projects (both covering all country’s districts): “Saber é Poder” – sexual and reproductive health – aims reducing early pregnancy, increasing family planning; and “Viver Positivo” – HIV-</li> </ol>

positive people living conditions – aims reducing HIV-positive people social exclusion.

Source: <http://www.medicosdomundo.pt/pt>, viewed 05-12-2013

FCJ – ‘Fundação  
Criança e Juventude’



- Portuguese NGO operating in Sao Tome and Principe since 2005 intervening from a pedagogical perspective targeting Santomean children and the young;
- It is responsible for coordination and sustainability of programmes related to children in communities (education and health);
- It had a very well-known project ‘Escola Aberta’ for 6 years dedicated to children’s education in Água Grande district.

Source: <http://www.fcjuventude.org/>, viewed 05-12-2013

LD – ‘Leigos para o  
Desenvolvimento’



- Portuguese Catholic association present in Angola, Mozambique, Portugal, Sao Tome and Principe and East-Timor;
- Acting on education, training, entrepreneurship and employment, and communities’ dynamics;
- In Sao Tome and Principe: Operates since 1988. Volunteers live inside the communities which is a differential point from the other NGOs in the field. LD had mission is Vista Alegre, Água Izé and Madre de Deus communities, and currently are undertaking two projects: one in Porto Alegre – targeting community dynamics and social cohesion, professional training, entrepreneurship and education – and other one in Sao Tome city, in Bairro da Boa Morte – targeting social cohesion, schooling support, and training and personal or professional capacity.

Source: <http://www.leigos.org/>, viewed 05-12-2013

WACT – ‘We Are  
Changing Together’



- Portuguese NGDO related to education, health, engineering and management areas through training the poor and leveraging their individual performance;
- Intervention model is based in 4 month time in Portugal and 6 weeks in Sao Tome and Principe as creating and supporting social projects;
- In Sao Tome and Principe: volunteers come in the summer time to help communities. They partner with ‘Associação da Comunidade de São Tomé e Príncipe (ACOSTP), Government of São Tome and Principe and ‘Conexão Lusófona’. The organization is sponsored by BISTP and ‘Instituto Português da Juventude’ (IPJ).

Source: <http://www.wact.pt/>, viewed 05-12-2013

AHEAD – ‘Associação  
Humanitária para a  
Educação e Apoio ao  
Desenvolvimento’



- Portuguese NGDO related to education field operating in Portugal, Mozambique and Sao Tome and Principe;
- In Sao Tome and Principe: provided training on social sanitary issues and English and Portuguese languages and it promotes educational activities in communities (e.g. Ribeira Afonso) focusing on children. It has partnerships with SCM-STP and PH&R.

Source: <http://www.ahead.org.pt/>, viewed 05-12-2013

TESE – ‘Associação  
para o Desenvolvimento  
pela Tecnologia,  
Engenharia, Saúde e  
Educação’



- Highly professionalized association;
- Promotes social development, equality of opportunities and living conditions improvement;
- Conduces market studies, promotes local innovations, do social consultancy and leverages networking under social concerns;
- Presented in Portugal, Mozambique, Angola and Sao Tome and Principe, and it had projects also in Guinea-Bissau;
- In Sao Tome and Principe: had a project related to technical assistance on the construction of landfills. More recently, it had three projects other projects regarding solid urban waste collection and electrifying schools through the use of solar energy.

Source: <http://www.tese.org.pt>, viewed 05-12-2013

## Exhibit 20 *Nh'a Banana Séco* Project

<b>Proponent</b>	‘Santa Casa da Misericórdia de São Tomé e Príncipe’ (SCM-STP)
<b>Production and office location</b>	Vista Alegre community (isolated community)
<b>Objective</b>	Create a sustainable and autonomous association that commercialize dry banana <sup>102</sup>
<b>Workers</b>	5 women (a president, a cashier, a secretary and two product quality controllers)
<b>MOVE-STP partnership alignment</b>	Consultancy services (business planning, operational and selling advisory and product development), training programme <sup>103</sup> and follow-up
<b>Target</b>	In the beginning: Tourists in Vista Alegre Currently: Tourists, instigating clients such <i>Pico Mocambo</i> <sup>104</sup> and Grupo Pestana

The association is becoming very-well known in the island. Communities are becoming aware of the potential of associationism and MOVE-STP has been increasingly recognized as a key promoter in this sector.

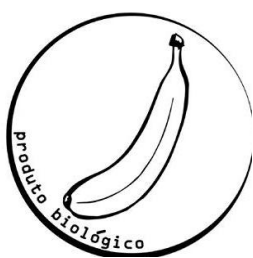


Figure 5 Dry banana product label



Figure 6 Dry banana products at point of sale

## Exhibit 21 Class in ‘Liceu Nacional’ regarding leadership topic



Source: MOVE internal reports

<sup>102</sup> Very typical product in Sao Tome and Principe

<sup>103</sup> Modules such as associationism, financial analysis, external and internal analysis and English (selling directly to tourists that visit the community)

<sup>104</sup> Local coffee bar

## Exhibit 22 ‘Pros and Cons’ debate winning team in ‘Liceu Nacional’



Source: MOVE internal reports

## Exhibit 23 Major projects under discussion

### A) Jalé Ecolodge project

#### Venture partnership

MARAPA and ALISEI (2013 – 2017)

#### Objective

Social and touristic

#### Project

The project holds a restaurant and a bar (same infrastructure), bungalows and camping area in P. Jalé (Jalé beach, Sao Tome Island South). The business shall be self-sustainable and revenues conveyed to protected area and sea turtles’ preservation. It will employ local people. MARAPA and ALISEI allow the concession of restaurant or both restaurant and bar to a third party. External consultant and expected later adviser for the third party.

#### MOVE-STP partnership alignment

There are three options MOVE-STP has to analyze as consultant:

1. The third part is taking the restaurant and bar concession;
2. The third part is taking the restaurant concession;
3. The third part does not take any concession.

In the first step, MOVE-STP is not getting any benefit, but after the consultancy project done, the organization will be negotiating revenues.



Figure 7 Jalé Ecolodge logo



## B) Creating Economic and Social Value through Waste Management project

<b>Proponent</b>	TESE NGO
<b>Project duration</b>	36 month (2013 – 2016)
<b>Project coverage</b>	52 communities from 5 out of 7 Santomean districts
<b>Objective</b>	Promote and operationalize local and productive initiatives targeting the waste transformation. Project action: <ol style="list-style-type: none"> <li>1. Business environment enabling – political, legal and corporate perspective – assure access to information in order to enhance efficient private initiatives;</li> <li>2. Private sector development – business perspective– training, activities development and monitoring.</li> </ol> <ul style="list-style-type: none"> <li>• Management, monitoring, project communication and activity evaluation (both new and existent businesses support);</li> <li>• District Councils will be endorsing their management capabilities, support collect and transport activities, and incentive and support waste valorization;</li> <li>• Small to medium-enterprises (SMEs) creation – through district incubators – under sustainable business models, mostly contributing to waste transformation value chain;</li> <li>• Innovative solution towards waste valorization (i.e. transforming organic waste, plastic, rubber, glass and hazardous waste) in Sao Tome and Principe implemented;</li> <li>• Families aware of environmental aspects and consequent positive attitude changing.</li> </ul>
<b>Expected output</b>	External consultant: accounting management, operations management, commercial and marketing capabilities enhancement; district incubation model(s) planning and implementation; business planning and implementation; technical assistance and follow-up.
<b>MOVE-STP partnership alignment</b>	MOVE-STP will get revenues, but values are under negotiation.

### Exhibit 24 Communities where were conducted Market Research

<b>District</b>	<b>Community/ Roça</b>	<b>District</b>	<b>Community/ Roça</b>
Água-Grande	Pantufo	Lembá	Santa Catarina
Cantagalo	Água-Izé	Lembá	Generosa
Água-Grande	Praia Gamboa	Lobata	Agostinho Neto
Cantagalo	Colónia Açoreana	Lobata	Guadalupe
Cantagalo	Ribeira Afonso	Lobata	Santo Amaro
Cantagalo	Santa Cecília	Lobata	Boa Entrada
Cantagalo	Santana	Mé-Zochi	Cruzeiro
Cantagalo	Riboque Santana	Mé-Zochi	Monte Macaco
Caué	Ponta Baleia	Mé-Zochi	Praia Melão
Caué	Malanza	Mé-Zochi	Santa Margarida
Caué	Porto Alegre	Mé-Zochi	Trindade
Lembá	Diogo Vaz	Mé-Zochi	Vila Madalena
Lembá	Monte Forte	Mé-Zochi	Vista Alegre
Lembá	Neves	Mé-Zochi	Caixão Grande
Lembá	Ponta Figo	Mé-Zochi	Ohtoto

Source: MOVE internal reports

## **CHAPTER 4: TEACHING NOTES**

### **Learning objectives**

The MOVE-STP case study can be discussed by management students interested in Strategy, Social Sector, International Aid and Development, Social Entrepreneurship and Social Innovation.

The expected learning objectives of this case are:

- a) Understand an African small island developing state's social and economic issues and realize its dependency on foreign aid and social sector in order to engage in future development;
- b) Explore implications of those issues, notably population's needs and concerns, for social sector operation;
- c) Realize MOVE-STP's primary mission and motivation, and recognize project's limitations due to its financial dependency model/fundraising;
- d) Comprehend the importance of activities' range portfolio and partners' relevance in the field;
- e) Highlight issues such as funding, programme performance, scale for impact development, local participation, linkage management (NGO as intermediary/partner), comparative advantage focus, and strategic change for effectiveness;
- f) Build skills in brainstorming about social entrepreneurship and applying social enterprises' frameworks.

### **Suggested Teaching Methods**

As case study teaching method in classroom, the author suggests a class brainstorming and discussion guided by four questions presented below as teaching questions (TQs). The TQs were designed to support and endorse the learning objectives presented.

**TQ1** Would you consider MOVE's mission and core activities appropriate to Sao Tome and Principe field? And would you consider MOVE a successful NGO in Sao Tome and Principe?

**TQ2** Are partnership programmes opportunities strategically aligned with MOVE mission in Sao Tome and Principe? How important are projects in partnership?

**TQ3** Would you consider a focalized local community approach to be more effective than a widespread approach to Santomean generalized population?

**TQ4** Does it make sense to think of MOVE-STP becoming a ‘social enterprise’ in order to be self-sufficient or partially self-sufficient? What would be the expected ‘pros and cons’ of such a choice?

Students are expected to prepare the case study by reading it carefully, for an understanding about Sao Tome and Principe context and MOVE-STP mission and activities, and prepare a bullet list of issues of interest to discussing the case study and exploring TQs.

In the classroom, the Professor could engage students in groups of 4 to 5. As ‘consultancy’ teams, they would be brainstorming on their perception of MOVE-STP performance in Sao Tome and Principe and conclude on the most important topics, concerns and opportunities, by the case study understanding and analysis. Then, each ‘consultancy’ team should share its analysis and insights. The Professor shall conduct the collaborative discussion gradually introducing the TQs.

If possible, the Professor could take one out of two options:

1. Invite MOVE-STP *ex-fellows* to present their experience in the field. They could clarify ‘consultancy’ teams concerning doubts that might arise and add value to the discussion and conclusions;
2. Invite the current MOVE-STP field manager to the class and eventually schedule a SKYPE session with the current *fellows* in the field. After the class brainstorming, case study analysis, and ideas discussion and conclusions, students could share it with the current MOVE-STP *fellows* and receive their feedback and opinions concerning their experience in the field.

### **Teaching Questions (TQ) and Discussion**

The following TQs are formerly proposed by the author. The author suggests an answer to each TQ, but the following are not exhaustive a solutions.

**TQ1** Would you consider MOVE mission and core activities appropriate to Sao Tome and Principe field? And would you consider MOVE a successful NGO in Sao Tome and Principe?

**Suggested answer:** Concerning the first part of the TQ, students shall agree on MOVE mission and activities suitability in Sao Tome based on all the former information

provided on both country and organization. The second part of the TQ might generate further discussion: there must be a reason why in the beginning MOVE-STP was very much focused on microcredit and that currently it is not anymore. MOVE-STP can be considered 'unsuccessful' as the microcredit activity did not run as expected or it is considered 'successful' because it found other ways to better impact Santomean society. Here, 'success' perception may differ among students. The important aspect is to analyze the facts and conclude on MOVE's overall path and achievements.

a. Sao Tome and Principe average age is around 18 years old and up to 63% of the overall population is under 25, which is in accordance with the growing young population trend in Africa identified by AfDB. As its population grows, the country shall take as priority to invest in education and instigate job creation or the young workforce will be underused or missed and sustainable development will not likely take place. A culture of entrepreneurship might be a key concept to poverty reduction and job creation.

b. Boettke and Coyne (2003) defends that entrepreneurial mindset must be stimulated in order for entrepreneurial actions to happen and because of Santomean living conditions (CPI has been increasing, so as the living cost, and the percentage of population vulnerable to poverty is high, widespread poverty, low HDI and communities' isolation) it can be challenging to find entrepreneurial spirit according to Naudé (2008). Hence, individuals shall gradually become aware of their potential and able to use it for living conditions' improvement; this may be accomplished through training and planning.

c. Sao Tome and Principe is a country that has been very much dependent on foreign aid, ODA inflows in percentage of GNI are one of the highest worldwide and around 55% of ODA already targets economic infrastructure and services, education and health and population and other social sectors which are also the areas main targeted by NGOs. As stated by AfDB, it is necessary to encourage development of self-employment and SMEs, which can be done, for instance, through business developing training and microfinance.

MOVE's mission relates to supporting and empowering disadvantage people through developing their management competences and enhancing their entrepreneurial mindset, so they create new businesses and initiatives or better manage existing ones, stimulating individuals and communities (ultimately creating job opportunities), as well as

contributing to the improvement of peoples living conditions. The MOVE three core activities are precisely microcredit (a microfinance tool), training and consultancy *in loco*, all possibly endorsing sustainable development. This is perfectly aligned with Sao Tome and Principe needs.

d. In the beginning, MOVE used microcredit as its main activity in Sao Tome along with training to entrepreneurs. But it revealed not to be an easy tool as several editions observed accumulative problems in getting the repayments on time. There have been successful cases, notably in the project's beginning, but there were more cases in which weekly payments were missed and loan payment deadlines were extended for several months (Exhibit 12 and 14). Difficulties in repaying the loans became evident for cultural, economic or particular reasons. Also, in almost 3 years of activity in Sao Tome, MOVE delivered 12 microcredits – clearly representing a low impact when thinking about cost-benefit of having teams working every semester in the field.

e. Nevertheless, throughout editions (mainly from 5<sup>th</sup> onwards) there has been an increasing investment in training and consultancy through partnerships (Exhibit 12 and 15). Partnerships and projects have been multiplying since 5<sup>th</sup> edition showing a different strategic position and approach in the field of Sao Tome. Since 4<sup>th</sup> edition that fellows agree more on the projects in partnerships' impact in Santomean society as well as these have been causing greater impact than microcredit (Exhibit 12). In the case study ('From partnerships to impact' topic) it is perceived encouraged by so many projects, MOVE endorsed its credibility as NGO motivated by entrepreneurial values and management proficiency, providing valuable training and consultancy services.

It can be pointed out that MOVE was unsuccessful as it was focused on the microcredit activity, which had little scope and little success rate (many entrepreneurs fail to fulfill their duty as living conditions' improvement is uncertain). It might have happened due to internal aspects such as lack of prior market research, mistaken entrepreneur/business selection, low quality business planning, or insufficient monitoring besides the external ones already mentioned. Yet the increasing investment in partnerships rather than microcredit shows that MOVE in Sao Tome was actually able to rethink its position as NGO in the field, slightly begin to change the organization's focus and path, and adapt to the Santomean primary needs so it can reach more people and leverage impact. MOVE undertook up to 45 partnerships – those became increasingly relevant either because of the partner and projects' importance, workload or know-how required.

Additionally, to brainstorm on MOVE potential future success and path in Sao Tome, a SWOT analysis might be conducted.

Strength	Weaknesses
Management expertise and entrepreneurship focus; <i>Bottom-up</i> approach; Proximity with Santomean population; Personalized monitoring; High adaptability; Youthful spirit; Microcredit delivery option.	External financial dependency; Very limited budget; Distant management (central structure in Portugal); No <i>fellow</i> staying for longer periods (every 6 month there is an entire new team – possible lack of work/objective continuity); Not professionalized.
Opportunities	Threats
Be included in projects that convey revenues; Act as part of the increasing associationism trend; Explore strategically local communities as ‘micro environments’ to get insights; <i>Strategic alliances</i> with private sector.	Funding pressure; Entrance of a professionalized NGO focused on management and entrepreneurship.

Overall, MOVE seems to be in the right path to success as it is acting towards sustainable economic development in accordance to Nikkhah *et al.* (2010) once the NGO acts through microfinance, capacity building and self-reliance, and even though external dependency is a fact, there is the opportunity for MOVE to generate revenues in Sao Tome and Principe within a fairly short time.

**TQ2** Are partnership programmes opportunities strategically aligned with MOVE mission in Sao Tome and Principe? How important are projects in partnership?

**Suggested answer:** In the former TQ, students already clarified MOVE mission suitability in Santomean society. To understand if partnerships are strategically aligned with it, students are expected to discuss MOVE’s scope through partnerships and conclude if those help support the organization’s mission. The partnerships’ importance is very much related to the output delivered to the Santomean society.

- a. Partners' importance: BISTP (national bank), Grupo Pestana (main hotel chain), CST (number one in telecommunications), ALISEI (most experienced internationalized and experienced NGO in the field), AMI (highly recognized Portuguese NGO), MARAPA (NGO in the field focuses in fisheries and environment and fauna protection)
- b. Multisectorial approach: from private (i.e. Telecommunication enterprise, hotels, media, banking system) to social sector (e.g. NGOs, associations, schools);
- c. Projects heterogeneity: from entrepreneurship initiatives ("Move-te" or Entrepreneurship summer school) to consultancy, professional training and personalized monitoring (*Nh'a Banana Séco* Project);
- d. Target population heterogeneity: children and young (e.g. FCJ, educational institutions), women (e.g. SCM-STP, ALISEI), people with medical conditions (e.g. MDM), specific local communities (e.g. LD, AMI), others;
- e. Geographic reach: from Sao Tome Island North to South.

All these factors support MOVE's effort to reach Santomeans in need for know-how in management and looking for entrepreneurial support, understand their culture, and engage national patterns and insights for future action (e.g. the 5 women association in Vista Alegre community is representative of the associations' needs in communities) while conveying great scalability to the MOVE project. Partnerships have been adding value to MOVE-STP as well as enabling the organization to add value to the Santomean society as an engine for the entrepreneurial mindset and business running (e.g. 'Associação Solidária de Cão Grande' creation and handicraft products' commercialization).

All the visibility, credibility and reach endorse the MOVE impact in the field, because these solidify the organizations' positioning, create bonds of trust in the field and generate demand (along the case study it is clear the partnerships' growth and evolution, meaning that one partnership conducts to another and so on).

For instance, students can add the point that, as it is stated in the case study, there are many NGOs operating in the field of Sao Tome and Principe ('NGOs in the field' topic) and MOVE could be 'a drop in the ocean' when operating solely and trying to operationalize its differentiation factor: management and entrepreneurship qualification and capabilities (Exhibit 12). As many of those NGOs are larger, experienced, professionalized and subsidized, it would be difficult to solidify a position in the field not through partnering with them.

Partnering with private sector as MOVE has been doing seems also legit when it is for structural needs, such it is with BISTP or Grupo Pestana (or even the one-time CST consultancy project) as long as these partnerships do not become the organization's priority that would jeopardize its mission.

Students could mention concerns to take into consideration as partnerships increase:

- a. Geographic dispersion: higher costs (i.e. transport) and time consumption (i.e. traveling)
- b. MOVE dilution: the organization must be loyal to its core and mission
- c. Human capital: increasing need for professionalization
- d. Team dimension: increasing workload pressure on limited *fellows*

**TQ3** Would you consider a focalized local community approach to be more effective than a widespread approach to Santomean generalized population?

**Suggested answer:** Students are required to leave aside projects in partnership and think of MOVE possible solo projects. Once students infer from the case study the role of communities in Sao Tome and Principe, they should be able to defend the focalized community approach over the generalized one. The author highlights key issues that when missed might compromise an appropriate discussion.

- a. Sao Tome and Principe is divided in districts, subdivided in neighborhoods that host several isolated communities that are quite different among themselves – ‘micro environments’ operating separately and holding sub-societies (from case study ‘Sao Tome and Principe – Geography and dynamics’ topic). National scenario is very much segregated (mostly ethnic and cultural segregation), defined by clusters. Whereas communities have similar basic problems ranging from lack of basic sanitation to lack of school offer and underdeveloped businesses, they diverge in ‘rules’, culture and potential.
- b. Local and focalized approach allows conducting a more precise and coherent market research and analysis; actions tend to be more suitable to the population's needs and mostly to its inner abilities and potential. It would mean *fellows* regularly and deeply interacting with a community in order to help tackling its problems; this is not possible when acting widespread, and the output ends up being targeted to few individuals or not as personalized and good quality as it could be (e.g. individual



lending experience). The impact shall be greater when looking to the community sphere instead to the individual sphere. For instance, it could be easier to promote associationism, as Chang (2010) defends collective entrepreneurship over individual as a mechanism for development in developing countries.

c. Project examples MOVE could undertake in communities: support associations sector inside community, local social initiatives that lack of managerial orientation or even identify and support individual innovative ideas and truthful individual entrepreneurs. The microcredit tool is expected to be more efficient under this approach. Group lending could be an option to support associations or other community initiatives, as it has advantages over individual lending – i.e. *joint liability* – that could result better than in Santomean society.

**TQ4** Does it make sense to think of MOVE-STP becoming a ‘social enterprise’ in order to be self-sufficient or partially self-sufficient? What would be the expected ‘pros and cons’ of such a choice?

**Suggested answer:** In this TQ students may focus in a number of issues to arrive to a conclusion. Nevertheless the starting point shall be the motives that would take the currently ‘traditional nonprofit’ thinking about becoming a ‘social enterprise’ then students shall brainstorm about the ‘social enterprise’ models most suitable to MOVE. The author suggests key issues to be mentioned in the discussion.

MOVE depends 100% from financial external support (fundraising performed in Portugal). This dependency model is risky for a number of reasons, notably because the organization is strictly dependent on donors and good will, and economic instability highly compromises donations, which highly compromise the MOVE projects and activity. Therefore, exploring other financial sources would fairly contribute to the organization’s long-term sustainability. In the case of Sao Tome and Principe field, the organization’s increasing visibility, credibility, and thus, increasing projects and partnerships, set the threat of activities’ closure for cut off donations as a serious concern (95% *fellows* believes MOVE financial dependency model is not sustainable or doubts about its sustainability).

Fundraising is limited and MOVE-STP has a very limited budget which is not enough to cover costs in the field. Work scalability will potentially lead to more costs in the field, which are already not entirely covered by MOVE-STP budget.

MOVE-STP could have to make a strategic decision regarding its financial model for the projects' long-term sustainability and impact:

1. Keep its financial dependency model, but perhaps diversify donors' portfolio;
2. Withdraw the 'traditional nonprofit' status and enroll income-generating activities
3. Withdraw the 'traditional nonprofit' status and become a 'social enterprise'

<b>Strategy</b>	<b>Challenges</b>	<b>Advantages</b>	<b>Disadvantages or potential concerns</b>
Diversify donors' portfolio	Find new donors (European funds, embassies, other type of contributions, or get more sponsors)	No activity targeting revenues	100% external dependency
Nonprofit with Income-Generating Activities	Find out simple activities able to generate income (might require higher professionalization)	Partial self-sustainability	Workload (depending on the activity it might need to review on human capital: number and professional experience)
Social Enterprise	Professionalization and business planning	Partial self-sustainability or self-sustainability (might allow reinvesting on local social projects)	High responsibility towards generating revenues; mission dilution; workload pressure (need to review on human capital: number and professional experience)

According to Alter (2007), there are two types of income-generating activities for Nonprofit with Income-Generating Activities. Perhaps the earned income is at first the best solution to adopt as it allows MOVE STP to generate small revenues to help cover costs in the field by ongoing charged activities (related or not related to the mission) such as consultancy and training. Projects such as 'Jalé Ecolodge' or TESE might be taken as earned income activities, for example. Earned income activities may progress

into ‘social enterprises’ when accompanied by a business plan, meaning that becoming a ‘social enterprise’ claims for a professionalization and business-like model and approach. Running a ‘social enterprise’ will imply more complexity to the project, although it can be the way to go for MOVE-STP in the future as long as the demand and positioning solidify in Sao Tome and Principe, or a business opportunity simply emerges.

<b>‘Social enterprise’ operational models (Alter, 2007) most suitable to MOVE STP</b>	
Entrepreneur Support Model	Charge fees for the consultancy services and/or microfinance services to the entrepreneurs and organizations supporting entrepreneurs
Fee-for-Service Model	Charge fees to educational institutions, or other social organizations that ask for training or consultancy
Cooperative Model	Generate revenues by integrating the value chain of an association, adding value to the products and commercializing them
Market Linkage Model	Charge fees for services as broker connecting small producers to buyers
Service subsidization Model	Sell the product/service to open market, likely to be related to the social mission (e.g. consultancy services to social sector)
Organizational support Model	Sell the product/service to open market, independent from the social mission (e.g. consultancy to private sector)

## **CHAPTER 5: CONCLUSION, LIMITATIONS OF THE STUDY AND FUTURE RESEARCH**

The case study highlights the developing countries' necessity for education and culture change in both basic managerial topics and entrepreneurship perspective. Sao Tome and Principe is illustrative of Africa's increasing rural youth population and underdeveloped labor markets. There has been a significant evolution in terms of population, yet this has not been supported by similar evolution in terms of infrastructures, educational and job opportunities, that keep on constraining living standards and further business development.

MOVE-STP's mission aligns with Sao Tome and Principe needs as it promotes young entrepreneurial mindset through insightful initiatives and it allows adult population learning about businesses' efficiency and creation. The organization has been developing training and consultancy services through partnering with NGOs, but also with educational institutions, private enterprises and others. Somehow holding off the microcredit activity enabled MOVE-STP exploring broader and better impact in Santomean society.

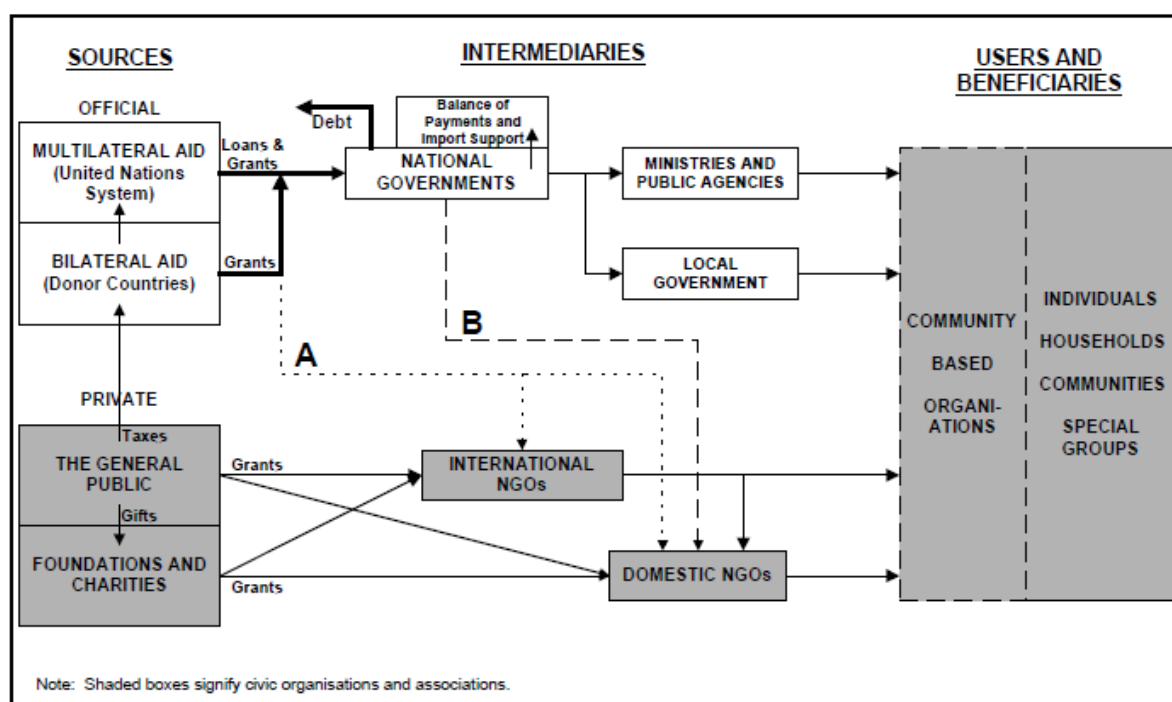
Along 6 editions in Sao Tome, MOVE's partnership spectrum emphasizes the organization's ability to deal with heterogeneity and to perform in different fields. As MOVE-STP is increasingly contacted to work as intermediary to deliver impact through partnering, it must be because its services are useful; it is a positive way to impact and contribute to the sustainable development of Santomean society. Also, it might represent an opportunity for MOVE-STP to earn income through opportune activities. Microcredit tool can always be used, whether in individual or group lending format, when the entrepreneurs are real motivated and the businesses expected to be profitable. Concluding, the organization's presence and performance in Sao Tome has been gaining increasing visibility and credibility, its mission and activities alignment is appropriate and very linked to the field's needs, and the strategic perspective from the programme's evolution is clear in accordance to the organizations' objective of having more impact through reaching more people. Also, reflecting on the organization's resources and future perspectives, the social enterprise notion under certain operational models – not necessarily targeting business creation or adding great complexity to the MOVE operating standards – could be interesting to explore within a short and medium-term.

There are some limitations of the study that should be mentioned. First, the survey reached 14 *ex-fellows* and in total there have been 26 fellows in the field (excluding 6<sup>th</sup> edition), so even though there have been answers for at least two fellows from each past edition, they might not be a representative sample. Second, MOVE-STP's internal data for the first three to four editions was differently stored and organized, and notably information regarding the first and second editions was limited, so eventually it might be missing or undervalued some projects, studies and perspectives.

For future research it would be interesting to understand the importance of MOVE becoming more professionalized in Sao Tome from a scaling-up perspective. Also, providing a more comprehensive analysis of the potential of MOVE-STP from a community approach over a national or individual one is an interesting subject for further research. Furthermore, a strategic plan for impact regional communities across the country – whether partnering or not – would be another topic to explore. For the future of MOVE microcredit activity in Sao Tome and Principe, conducting a research towards group vs. individual lending would certainly be useful.

## ANNEXES

### Annex 1 The Aid System – Highly Simplified Financial Links and Flows



Source: Fowler, A. (2000), 'Civil Society, NGOs and Social Development: changing the rules of the game, Geneva 2000 Occasional Papers, Number 1, Geneva: UNRISD

### Annex 2 Net ODA and Aid dependency ratios in 2011 by World Region

	Net ODA				Aid dependency ratios		
	Total	Per capita	Grants	Technical cooperation	Net official development assistance	Net official development assistance	Net official development assistance
	\$ millions	\$	\$ millions	\$ millions	% of GNI	% of gross capital formation	% of imports of goods, services and primary income
	2011	2011	2011	2011	2011	2011	2011
East Asia & Pacific	7,849	4	..	..	0.1	0.2	0.3
Europe & Central Asia	10,722	40	..	..	0.6	2.4	1.2
Latin America & Caribbean	11,414	20	..	..	0.2	1.0	0.9
Middle East & North Africa	15,556	47	..	..	..	..	3.2
South Asia	16,733	10	..	..	0.7	2.2	2.4
<b>Sub-Saharan Africa</b>	<b>47,439</b>	<b>54</b>	<b>..</b>	<b>..</b>	<b>4.0</b>	<b>18.7</b>	<b>8.8</b>

Source: World Development Indicators 2013, WB

### Annex 3 Top 10 recipient countries ranking in 2011

Rank	Country	Net ODA (% GNI)	Year
1	Tuvalu	76.85	2011
2	Somalia	61.66	1990
3	Liberia	53.60	2011
4	Solomon Islands	49.57	2011
5	Dem. Rep. Congo	38.40	2011
6	Afghanistan	34.96	2011
7	<b>Sao Tome and Principe</b>	<b>30.22</b>	<b>2011</b>
8	Kiribati	27.15	2011
9	Burundi	24.82	2011
10	Haiti	23.18	2011

Source: Indexmundi

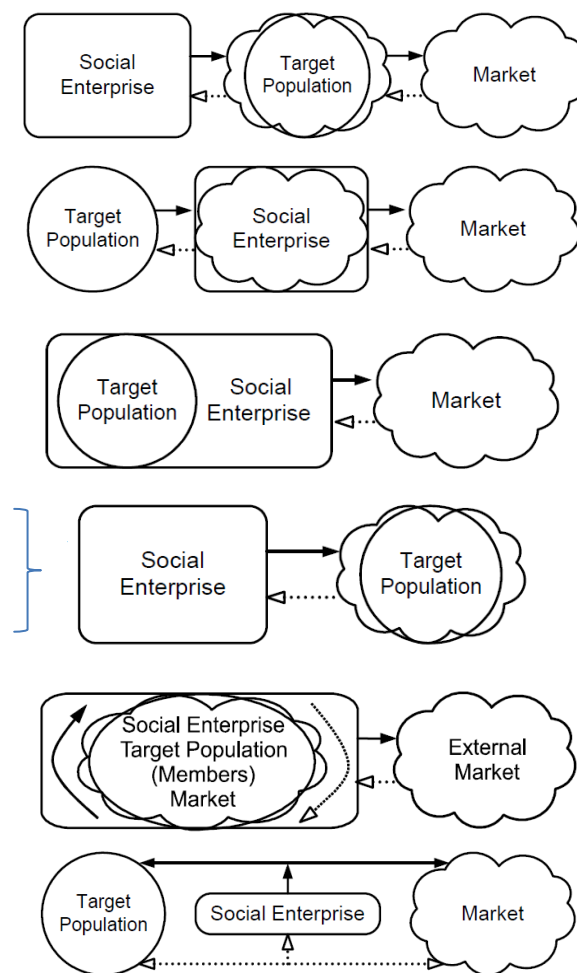
### Annex 4 NGO primarily programmes in promoting empowerment

	Microfinance	Capacity building	Self-reliance
<b>Definition</b>	Loans and saving services to the poor (traditionally excluded from financial services)	Transfer knowledge, resources and leverage community members' competences	Enhance and strengthen community members abilities and local and existent mechanisms and resources
<b>Relevance as development strategy</b>	Through microcredit (i.e. small loans) the material poverty is addressed and entrepreneurs may start their businesses	Through training and education local individuals and communities develop their rational and skills	Through education and support it encourages the use what the they already have naturally avoiding loss of independency to exterior in the future
<b>Contribution to community</b>	Poverty reduction, job creation, income generation	Knowledge and physical resources	Organizational and strategic support
<b>Impact on people</b>	Empowerment, self-esteem and respect	Empowerment, self-esteem and expertise	Mutual-help, self-help, active participation

Source: Adapted from Nikkhah, H. Allah and Redzuan, M. Bin (2010), 'The Role of NGOs in promoting empowerment for sustainable community development', *Journal of Human Ecology*, volume 30, Issue 2, 85-92

## Annex 5 Alter Social Enterprises Operational Models

Operational Model	Brief explanation	Mission	Business/ Programme Integration
<b>Entrepreneur Support Model</b>	Sell business support and financial services to self-employed individuals or firms	Facilitate targets' financial security by supporting their entrepreneurial activities	Embedded
<b>Market Intermediary Model</b>	Selling services to small producers (individuals, firms or cooperatives) through adding value to the client-made product* and sell it in the open market	Strengthen markets and facilitate targets' financial security by helping them developing and selling their products	Embedded
<b>Employment Model</b>	Employ its target, and sells the product or service in the open market	Create employment opportunities for the target	Embedded
<b>Fee-for-Service Model</b>	Charge fees for social services directly to individuals, firms, communities or to a third party payer	Provide social services in the sector the organization works in, such as health or education.	Embedded
<b>Low-income client as market Model</b>	Charge low fees for social services/products directly to the "base of the pyramid"	Provide services/products that increase target's health, education, quality of life and opportunities	Embedded
<b>Cooperative Model</b>	Sell member services: information or technical assistance/extension services, and might sell members' products to the open market	Provide member services	Embedded
<b>Market Linkage Model</b>	Charge fees for services as broker connecting buyers to producers	Connect markets	Embedded or integrated

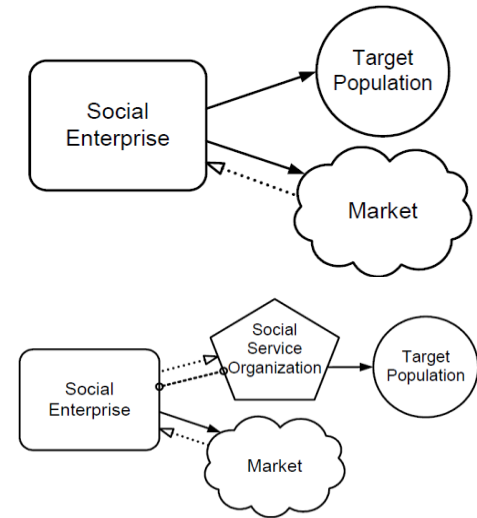




<b>Service subsidization Model</b>	Sell the product/service to open market	It is a financing mechanism to support target population/fund social programmes	Integrated
<b>Organizational support Model</b>	Sell the product/service to open market	It is a financing mechanism to support target population/fund social programmes	External

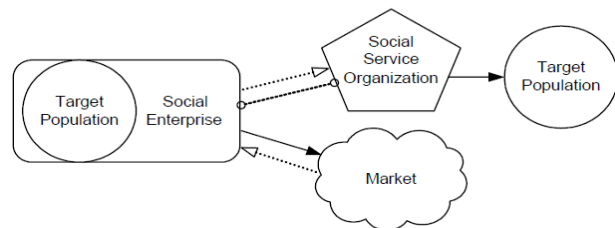
\*E.g. product development, production and marketing assistance and credit

Source: Adapted from Alter, K. (2007) 'Social Enterprise Typology', Working Paper, Virtue Venture LLC

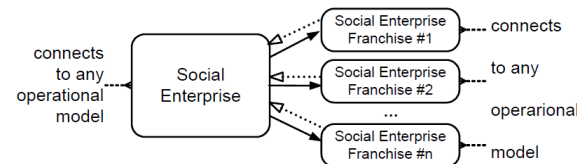


### Annex 6 Alter Social Enterprises Enhancing and Combining Models

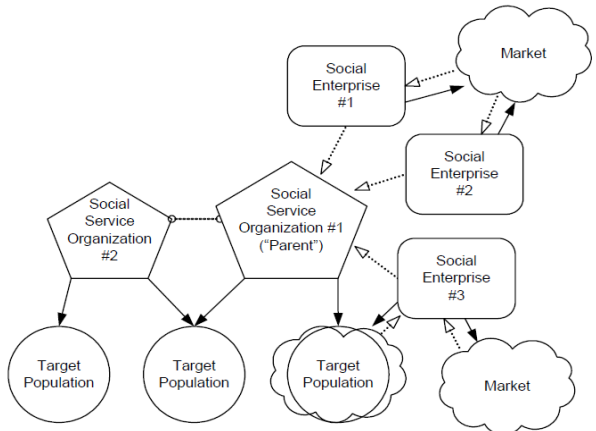
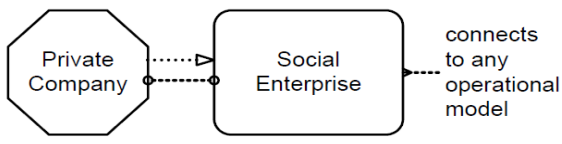
Combining Models		Enhancing Models	
Complex Model	Brief explanation	Franchise Model	Brief explanation



The social enterprise combines 2 or more operational models in order to achieve more effectively dual objectives (i.e. financial objective and social return).



Franchise model enhances scalability and social value creation through replication.

Mixed Model	Brief explanation	Private Non-profit partnership model	Brief explanation
 <p>The diagram illustrates a mixed model where two social service organizations, #1 (labeled 'Parent') and #2, are connected to three target populations. Social Enterprise #1 is connected to Social Service Organization #1 and Market. Social Enterprise #2 is connected to Social Service Organization #1 and Market. Social Enterprise #3 is connected to Social Service Organization #1 and Market.</p>	<p>The social enterprise run a multi-unit operations with different programs, financial objectives, market opportunities and funding strucutres.</p>	 <p>The diagram shows a Private Company (represented by an octagon) connected to a Social Enterprise (represented by a rounded rectangle). A dashed arrow points from the Private Company to the Social Enterprise. A second dashed arrow points from the Social Enterprise to the text 'connects to any operational model'.</p>	<p>The private-nonprofit partnerhsip model is a partnership based on active operational involvement in a social enterprise.</p>

Source: Adapted from Alter, K. (2007) 'Social Enterprise Typology', Working Paper, Virtue Venture LLC

## Annex 7 Elkington and Hartigan Social Enterprise Models

### Leveraged Nonprofit Ventures

Public good deliver to the most economically vulnerable (do not have access to, or are unable to afford the service/product)

Both the entrepreneur and the organization are change catalysts, with a central goal of enabling direct beneficiaries to assume ownership of the initiative, enhancing its longer-term sustainability.

Multiple external partners are actively involved in supporting (or are being recruited to support) the venture financially, politically, and in kind.

The founding entrepreneur morphs into a figurehead, in some cases for the wider movement, as others assume responsibilities and leadership.

### Hybrid Nonprofit Ventures

Good or services deliver to populations that have been left out or underserved by mainstream markets, but the notion of generating profits is not excluded.

Sooner or later, the founding entrepreneur - or his or her team - typically develops a marketing plan to ensure that the poor or otherwise disadvantage can access the product or service being provided.

The enterprise is able to recover a portion of its costs through the sale of goods and services, in the process often identifying new markets.

To sustain activities and address the unmet needs of the poor or otherwise marginalized clients, the entrepreneur mobilizes funds from public, private, and/or philanthropic organizations in the form of grants, loans, or, in rarer cases, quasi-equity investments.

As mainstream investors and businesses enter the picture, even when they are not seeking mainstream financial returns, they tend to push hybrid nonprofit ventures to become model 3 social businesses, to ensure access to new sources of funding, particularly capital markets. This may be warranted in some cases, but it risks refocusing activities to the point where the poorest will no longer be served.

### Social Business Ventures

Business with the specific mission to drive transformational social and/or environmental change.

Profits are generated, but the main aim is not maximize financial returns for shareholders but instead to financially benefit low-income groups and to grow the social venture by reinvestment, enabling it to reach and serve more people.

The entrepreneur seeks out investors interested in combining financial and social returns.

The enterprise's financing - and scaling - opportunities can be significantly greater because social business can more easily take on debt and equity.

Source: Adapted from Elkington, John and Hartigan, Pamela (2008), 'Creating Successful Business Models – Lessons from SE', Harvard Business Press

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