DEPARTMENT OF STATE
AGENCY FOR INTERNATIONAL DEVELOPMENT
WASHINGTON, D.C. 20523

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PD-AAC-708-B1

June 8, 1977

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No PP per Program Officer
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Partnership for Productivity
2311 18th Street, N. W.
Washington, D. C. 20009

Subject: Grant No. AID/afr-G-1328

Gentlemen:

Pursuant to the authority contained in the Foreign Assistance Act of 1961, as amended, the Agency for International Development ("AID" or "Grantor") hereby grants to the Partnership for Productivity ("PfP" or "Grantee") the sum of Three Hundred and Sixty Thousand dollars ($360,000) to support a program in Kenya as more fully described in the attachment to this Grant entitled "Program Description".

The Grant is effective as of the date of your acceptance of this letter and shall apply to commitments made by the Grantee in furtherance of program objectives during the period April 1, 1977 to March 31, 1980 including the approved pre-grant costs incurred after April 1, 1977, designated in Attachment A.

This Grant is made to PfP on condition that the funds will be administered in accordance with the terms and conditions as set forth in Attachment A entitled "Program Description", Attachment B entitled "Standard Provisions" and Attachment C entitled "Payment Provision", which have been agreed to by your organization.

Please sign the Statement of Assurance of Compliance, enclosed herein, and the original and seven (7) copies of this letter to acknowledge your acceptance of the conditions under which these funds have been granted

Please return the Statement of Assurance of Compliance and the original and six (6) copies of this Grant to the Office of Contract Management, Regional Operations Division, Africa.

Sincerely yours,

S D Heishman

S. D. Heishman
Grant Officer
Regional Operations Division, Africa
Office of Contract Management

ATTACHMENTS:

A. Program Description
B. Standard Provisions
C. Payment Provisions

ACCEPTED:
Partnership for Productivity

Andrew H. Oerke
BY

Executive Director
TITLE

June 8, 1977
DATE

Accounting and Appropriation Data

Appropriation No. 72-11X1023
Allotment No. 402-50-615-00-69-71
PIO/T No. 615-174-3-70023

PROGRAM DESCRIPTION

A. Purpose of Grant

The purpose of this Grant is to provide support for the Rural Enterprise Extension Service (REES) program of the Grantee in Kenya. The REES program goal is to demonstrate an effective, efficient and replicable rural enterprise extension service that increases the managerial and technical ability of small-scale, rural enterprise owner/operators

B. Specific Objectives

The REES is structured to provide relevant, appropriate, individual training and advice to the wide variety of rural enterprises found in Western Kenya. The vast majority of the estimated 7,000 businesses operating in Western Province are small-scale, sole-propriator units. Few have more than 10 employees. and most count only one or two employees - but all contribute to the supply of goods and services required by the large, farm-based population.

This Grant will enable the Grantee to further develop the REES as a unique method for skills training of both Kenyan business consultants and their small business clients on a lateral step-by-step basis. Specific objectives of this Grant are as follows:

1. To field train at least twenty (20) Kenyan business consultants.

2. To serve and train at least fifty (50) business persons per year per Field Consultant.

3. To expand the REES into two (2) new operational areas.

4. To increase collaboration with other Government of Kenya (GOK) initiatives in small business.

5. To collect client and control data sufficient for quarterly and annual assessment of program impact.

6. To prepare a comprehensive final report on all REES activities including training, delivery of services, analysis and evaluation.

C. Implementation

To acheive the above objectives, the Grantee shall carry out the following activities which are being supported by funds provided under this Grant:

1. Training and Staffing

a. Grantee will train two groups of 10-12 Field Consultant candidates, one group in each of the first two years of the grant. The training period will last approximately four months. Grantee will use the training periods as an opportunity to test and perfect the formal training approach to Field Consultants. A Field Consultant is the main vehicle for delivering services. The Field Consultant is expected to cover several market areas simultaneously.

b. From each group of trainees, four will be hired as Field Consultants to be deployed into the two new operational areas.

c. For those Field Consultants on the job, the Grantee will establish and implement an on-the-job consultant training program.

d. The above on-the-job training program will be incorporated into a comprehensive training manual. During the course of the project the Grantee will prepare and distribute this manual to the GOK, USAID, and other interested parties.

e. Two Technical Specialists will also be added to the Grantee's staff - one each in the first two years of the project. The technical specialists will work in cooperation with Field Consultants and Area Supervisors to lend specific and relevant technical expertise to those REES clients that are involved in light processing or light manufacturing.

f. Other personnel to be added to REES during the life of the project include two Field Supervisors (supervision and advice to each group of four Field Consultants), one Project Consultant (advisor in marketing, credit, training or other field), one Project Supervisor, and one data analyst.

g. The staffing level at the beginning of the project is estimated as follows: 11 Field Consultants, three field Supervisors, one Project Supervisor, 1 Technical Specialist, one Project (Operations Manager, and one Administrative Manager. With the exception of the Project Consultant position, the Grantee will Kenyanize all positions by the end of the project.

2. REES Delivery System

a. In each of the first two years of the project, one new operational area will be added to the scope of REES operations. The new operational areas will be determined by the Grantee as a result of a market survey now underway. Each Operational Area will be headed by a Field Supervisor who will be in charge of three-to-five Field Consultants. It will be the objective of each Field Consultant to serve at least 50 business-persons per year while working in at least three market areas.

b. A client training methodology will be devised, tested, and finalized by the end of the second year of the project. This methodology will address such issues as appropriateness, effectiveness, and degree to which the methodology can be applied to other developing country settings.

c. The Grantee will establish a feedback system by scheduling regular business community consultations by the end of the first year of the project.

d. The Grantee will establish a management system by the end of the second year of the project. The management system will clearly define REES management and how REES interrelates to other Grantee activities.

e. The Grantee will test various fee structures for services rendered by its Field Consultants, Technical Specialist, and other officers.

3. Data Collection and Analysis System

a. During the first year of the project the Grantee will devise a data collection system. Data shall be collected on the entire client group and a control group during the life of the project. Data collected shall include the participation and performance of women in REES and the control group. The data collected shall be based on the present REES Data Collection System, and may be revised as deemed appropriate by the Grantee. The present system operates on a monthly basis, providing management with data on overall REES client performance, including turnover, improvement rates, employment, sales, profits and reinvestment levels.

b. The data analyst to be employed under this project will proceed to develop a data collection methodology capable of providing statistically significant data from client and control groups for the periodic evaluation of REES. Aside from building on the present REES data system, the data analyst will be responsible for gathering area baseline data and collecting parallel data from a control group.

4. Measurement and Evaluation of Project Outputs

a. The following benchmark targets will be used to measure and evaluate quantitative achievements of REES (these targets are based on May 1976 operational data, and may be adjusted to reflect status and achievable targets as foreseen at the commencement of the Grant):

(i) Total clients trained: 50 per consultant per year.

(ii) Percentage of clients retained 12 months or longer as a share of total clients trained: 33-1/3 percent by end of project.

(iii) Percentage of clients trained as a share of total business pool in operating areas: 40 percent by end of project.

(iv) Client improvement average (gradings of "competent or action completed"/mo., based on the 40-item client improvement record) per month: two by end of project.

(v) Average number of months clients are active: 12 by end of project.

(vi) Project cost per consulting hour: $6 by end of project.

(vii) Net employment added to client enterprises during the project: one person per every three clients retained 12 months or longer.

(viii) Client average monthly gross sales: $3,000 by end of project.

(ix) Client average monthly net profit: $500 by end of project.

(x) Client average reinvested profits: 50 percent of annual net profit.

b. An annual in-house project progress assessment and report will be made by the REES staff, analyzing client and control group business performance data, feedback from clients and consultants, and the efficiency and effectiveness of REES methodologies.

c. A formal evaluation of the entire REES project will take place during the final year of the project but no later than the third quarter of that year so that the evaluation findings shall be available for inclusion in the final report. The evaluation

team will be composed of two outside consultants as mutually agreed upon by the Grantee and USAID/Kenya. The team will examine, in particular, actual project achievement compared to project purpose and projected outputs; the validity, significance and interpretation of data collected; and the cost/effectiveness of the REES as a delivery system for management and consultant skills training.

5. Special Provisions

a. As it is the intent of the project to focus on viable small rural enterprises, the Grantee shall ensure that the clients served by the Field Consultants and Technical Specialists have assets of at least $100 but not more than $50,000. Exceptions to this will be approved by USAID/Kenya on a case-by-case basis. AID expects the Grantee to concentrate their activities on those clients who lie within the lower range of eligible assets.

b. The Grantee shall continually make a concerted effort to appraise the Government of Kenya of the REES and to solicit its interest in introducing a similar program into other areas of Kenya.

c. Any persons employed under this grant are considered as employees of the Grantee and as such the Grantee is solely responsible for ensuring that such employees are granted all benefits (including salary, leave, and termination) in accord with the laws of the Government of Kenya.

d. In addition to the requirements contained in D. Reporting, the Grantee will submit quarterly to the Mission Controller copies of vouchers for expenditures and budgets. These vouchers and budgets will be mailed to the following:

Controller
Nairobi (ID)
Department of State
Washington, D. C. 20520

e. In the Standard Provisions, Attachment B, under Clause L. Travel and Transportation delete paragraphs (3) (a) 4 and (3) (a) 5.

6. Logistic Support and Relationships

a. The Grantee will liaise with and report to USAID/Kenya on AID matters. For actions involving the GOK, the Grantee will arrange its own contacts although USAID should be kept advised, in most instances through the mechanism of the quarterly reports.

b. The Grantee will provide all logistic support for its personnel and operational activities. Pouch privileges, duty free entry and access to dispensary facilities will not be provided.

D. Reporting

The Grantee will prepare and submit the following reports:

1. Quarterly reports in six (6) copies will be submitted to USAID/Kenya. The first quarterly report will be due within thirty (30) calendar days following the first complete calendar quarter of operations, and thereafter thirty (30) calendar days following the end of each successive quarter. The quarterly reports will include actual versus planned progress towards the program "Benchmark" indicators of achievement, significant problems and accomplishments, progress made toward REES/GOK collaboration, an accounting of expenditures during the quarter broken down into total REES operations and those attributable to AID, and any other sections that the Grantee may feel necessary in specific circumstances.

   The financial section of the quarterly report will also provide estimates of expenditures to be incurred during the next ninety (90) day period, and will be submitted in the following format:

Grant Budget Line Items/Amounts	Total Exp. This Qtr.	Exp. Billed to AID This Qtr.	Cummulative Exp. Billed to AID	Projected Exp. To be Billed To AID Next Qtr.

2. Six (6) copies of the Grantee's annual "in-house" project assessment report described in C.4.(b) above will be submitted to USAID/Kenya within fifteen (15) calendar days following final publication of the report. The report will be published no later than thirty (30) calendar days following the assessment.

3. A final "REES Project Report" will be prepared by the Grantee and submitted to USAID/Kenya in six (6) copies no later than the thirty-sixth (36) month from the effective date of the grant. The final report will include a detailed description of the delivery and training systems, organization and operation of the REES, significant data collected and trends identified, and results of the formal evaluation described in C.4.(c) above.

E. Budget

The funds provided herein shall be used to finance the items described in the following budget:

	Cost Items	1st Year USAID*	1st Year OTHERS	2nd Year USAID	2nd Year OTHERS	3rd Year USAID	3rd Year OTHERS
1.	Salaries & Fringe	$55,000	$36,100	$72,100	$77,730	$88,600	$82,300
2.	Residence	1,300	700	1,500	700	1,600	800
3.	Office	4,000	1,900	4,300	2,190	4,800	2,300
4.	On-Site Administrative	1,800	950	2,000	1,050	2,200	1,100
5.	Local Travel & Maintenance	10,200	13,300	11,200	13,940	13,000	15,700
6.	Evaluation & Research	1,300	700	1,300	700	2,000	1,000
7.	Miscellaneous	6,400	5,100	7,600	6,890	7,800	5,800
		20,000					
8.	Administrative Overhead	16,000		20,000		24,000	
	TOTAL	$96,000*	$58,750	$120,000	$103,200	$144,000	$109,000

THREE YEAR TOTALS - AID - $360,000* OTHERS - $270,950

*Includes pre-Grant costs in an amount not to exceed $16,000. Pre-Grant costs incurred subsequent to April 1, 1977, and prior to the effective date of this Grant will be reimbursed by the Grantee. Such pre-Grant costs are allowable to the extent that they would have been allowable if incurred after the effective date of the Grant.

The grantee may not exceed the total amount of the Budget. Reasonable adjustments among the line items in the Budget, excluding administrative overhead, are unrestricted.

This Grant is not to be used to finance international travel of technicians and dependents.

IRM 7-5-9

OPERATIONAL PROGRAMME GRANT

— PROPOSAL —

FROM

PARTNERSHIP for PRODUCTIVITY

PfP/KENYA

SUBMITTED: 25 MAY 1976

OPERATIONAL PROGRAMME GRANT (OPG) PROPOSAL

Total OPG Request $300,000

Project Title: Rural Enterprise Extension Service (REES)
Project Location: Western Kenya
Organization: Partnership for Productivity Service Foundation
(PfP/Kenya)
P.O. Box 243
Kakamega, Kenya
Headquarters: Kakamega, Kenya
Contact Person: L. Dresser
U.S. Office: Partnership for Productivity Foundation
P.O. Box 170
Annandale, Virginia 22003
Contact Person: David H. Scull
Date of Submission to AID: 25 May 1976

PROPOSAL SUMMARY

PfP/Kenya has been engaged in a programme of rural enterprise development in Western Kenya since 1971. Two significant prototype projects have emerged capable of replication on a larger scale. A Rural Enterprise Extension Service (REES) which delivers appropriate management training and advice to small-scale rural businesspersons, who provide goods and services for the vast majority of the area's agriculture-based population. And a Rural Market Loan Scheme (RMLS) which provides rural businesspersons, who would not otherwise qualify for commercial credit, experience in receiving, utilizing and repaying small loans, through a PfP-affiliated Kenyan company, West Kenya Productivity Investments, Ltd. (WKPI).

This OPG Proposal for $300,000 over a three-year period will enable PfP/Kenya to further develop the REES Project as a model labour-intensive, cost-effective delivery system for management skills relevant to the needs of small-scale rural enterprise in developing countries. Now operational, the REES is a unique method for skills training of both Kenyan business consultants and their small business clients, on a lateral, step by step basis. From simple bookkeeping to comprehensive financial management, including credit responsibility, the REES is structured to provide maximum interface between Kenyan consultants-in-training, rural businesspersons, and experienced local and expatriate management consultants. The REES Project directly affects the poorest of the rural poor by increasing the management and technical ability of local businesspersons, thereby improving the availability, quality, diversity and cost of required agricultural inputs, and general goods and services.

This Proposal describes in detail the REES Project and focuses upon development needs necessary to test and formalize the REES as a replicable model and resource for large-scale implementation by the Government of Kenya, and other governments and development organizations. PfP/Kenya, in preparing this Proposal, has attempted to present information relevant to the REES Project in as concise a manner possible, diverting from the suggested OPG outline only where necessary for clarity.

This OPG Request of $300,000 for the three-year period, July, 1976 - June, 1979, represents both replacement and expansion money for the continuing PfP/Kenya grant of 2 January, 1975 from USAID for $54,000 (terminating 30 June, 1976). The original grant supported PfP/Kenya programme activities, including REES, in one PfP/Kenya operations area, namely Vihiga/Hamisi Divisions. This OPG Request is for USAID participation in, and support for REES Project activities in a total of five operations areas in Western Kenya.

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II. APPENDIX

A. REES Improvement Record - sample
B. REES Data Spread Sheet - sample
C. REES Benchmark Graphs
D. PfP/Kenya Certificate of Incorporation
E. PfP/Kenya Governing Council Members
F. PfP/USA Board of Directors
G. "A Prototype Experiment to Test the Possibility of a Cost Effective Extension Service for Small Scale General Retailers" - Malcolm Harper
January, 1974

H. "Appropriate Consultancy for Small Business"
- Malcolm Harper
May, 1975

I. "A Proposal to Assist with Staff Training and Programme Implementation for Small-Business Advisory Centres " - PfP/Kenya
November, 1974

J. "An Evaluation of Partnership for Productivity - Kenya"
- Harold K. Charlesworth
July, 1974

K. Maps

I. PROJECT DESCRIPTION

A. Summary

During the past two years, the REES Project passed through its design, development and implementation phases and is now operational in three areas of Western Kenya. Continued field testing of the project is required to determine its effectiveness as a delivery system for small-scale business management skills in rural areas.

The REES directly affects the poorest majority (both male and female), utilizes local manpower resources, and builds on the strengths of the local culture. Its elements include careful staff consultant selection, training and evaluation, businessperson training and advisory services, and project information gathering and analysis. REES outputs include trained Kenyan business consultants, rural businesspersons with increased management and technical ability, and a more efficient use of manpower and limited capital in rural, small-scale enterprises.

The REES is one project in the programme of rural enterprise development activities of PfP/Kenya, a registered, non-profit, private voluntary organization directed by a Kenyan Governing Council. The REES is a PfP/Kenya demonstration project, and it is anticipated that large-scale implementation will be sponsored by the Kenyan government according to its current Five-Year Development Plan.

During the three-year proposal period, the REES will remain innovative in nature, adapting its methods and techniques in a continuing effort to increase efficiency and effectiveness. Staff will be gradually and modestly increased to test prepared training materials and expand the initial operations areas of REES. Relevant data will be collected during the field testing phase, in order to continually assess the impact of the REES. Finally, a major evaluation will be undertaken during the third year of the project demonstration, conducted by an impartial evaluator.

B. Purpose and Objectives

The purpose of the REES Project is to demonstrate an effective, efficient and replicable rural enterprise extension service that increases the managerial and technical ability of small-scale, rural enterprise owner/operators.

Project Objectives include:

1. Field training of 20 Kenyan business consultants.
2. Development of the REES to serve and train 50 businesspersons per year per consultant.
3. Expansion of the REES into two new operations areas in consultation with officials of AID and the Government of Kenya.
4. Collection of client and control data sufficient for quarterly and annual assessment of project impact.
5. Final evaluation and report on the efficiency, effectiveness and replicablity of the REES.

C. Structure and Organization

The REES is structured to provide relevant, appropriate, individual training and advice to the wide variety of rural enterprises found in Western Kenya, as an alternative to present, relatively ineffective, class-room training efforts of other private and government organizations. The vast majority of the estimated 7,000 businesses operating in Western Province are small-scale, sole-propriator units engaged in retail and wholesale provision goods trade, tailoring, carpentry, restaurants, bars, vehicle, bicycle, radio and shoe repair, and farm produce trade, among other numerous commercial, processing and manufacturing activities. Few have more than 10 employees, and most count only one or two employees. But all contribute to the supply of goods and services required by the large, farm-based population.

The REES is structured according to a multi-tier concept of staff and client skills and abilities. Rural businesspersons reflect a wide range of business management ability and commitment. To meet the training needs of such a variety of owner/operators, consultants with varying levels of knowledge and skills relevant to the requirements of small-scale, rural businesspersons are necessary. The REES is organized along several levels or "tiers" of staff.

1. Field Consultant

   Basic to the project are Field Consultants, who are Kenyan high school (Form Four) graduates with an additional year of accounts training or experience. Field staff are recruited, trained and deployed in local "markets" where businesses are concentrated. Specific skills in management training include record keeping, customer relations, inventory control, merchandising, costing, shop layout and product quality control among others. At present 13 Field Consultants (All Kenyan, 12 male, 1 female) are at work in over 70 market areas in Western Kenya.

2. Area Supervisor

   Supporting and supervising the activities of the Field Consultants are a middle tier of business consultants called Area Supervisors, whose level of practical business experience and consulting competence is greater than Field Consultants, often including some University education. Each Area Supervisor is assigned to support the activities of 4 Field Consultants in one geographical area, assisting in the training and advice required for more complex trading and manufacturing shops in the area. Through continual interface with Field Consultants, the Area Supervisor imparts relevant knowledge and techniques in an on-going, lateral, step by step training process of both client and consultant. At present there are 3 Area

Supervisors (1 Kenyan male, 1 Kenyan female and one female expatriate) in 3 operational areas in Western Kenya.

3. Technical Specialist

Providing specific and relevant technical skills training to certain processing and manufacturing enterprises are a group of Technical Specialists, either Kenyans or expatriate volunteers with practical experience in some technical field. Technical Specialists work in cooperation with Field Consultants and Area Supervisors, under the direction of the REES Operations Manager. At present 1 staff CPA Accountant (Kenyan male) assists advanced enterprises in setting up accounting systems. 1 Artist/Designer (Kenyan male) provides product design assistance to a cloth-printing firm among others. And 1 Ceramics Instructor (expatriate female) works at a women's Cottage Industry workshop. Two expatriate volunteers are being recruited to provide advanced woodworking and metalworking skills and product design improvement to present REES clients.

4. Project Consultant

The upper tier of the REES is composed of Project Consultants, either Kenyan or expatriate, with practical business management experience and advanced education or training. Project Consultants work in conjunction with Area Supervisors and Field Consultants in consulting with more advanced clients, and in assessing proposed new enterprises and management requirements. Project Consultants are also assigned specific functional areas of responsibility in accordance with their academic or experience competency, such as marketing, training, credit, or other general area of competency. At present there is one Project Consultant (expatriate male) with the specific responsibility for credit education of REES clients. A second Project Consultant has been recruited (Kenyan male)

2.3 P. consultants, disagree p. 15.

whose ployment will depend upon ceptance or rejection of this Proposal.

5. Project Manager

Responsible for the entire REES, including staff recruitment, training, deployment, evaluation, data collection, reporting and periodic project assessment is the Operations Manager. Administrative requirements of the Project are met by the PfP/Kenya administration staff, including all financial and personnel matters. The present Operations Manager (expatriate male) is an American with an industrial engineering and private business background, and practical experience from similar projects in West Africa.

6. Data Analyst

Required for the collection and analysis of both client and control group data and information is a Data Analyst. Preferably a Kenyan with statistics and research training and practical field experience, this REES staff member will be recruited if this Proposal is accepted, and will be responsible for the coordination of all data collection and reporting, and periodic analysis of data leading to the final project evaluation, conducted by an outside evaluator.

7. Management System

During the field testing phase of the REES, a management system linking the tiers of staff will be further refined, incorporating geographical and functional areas of responsibility as well as relative levels of competency and seniority. A system of progress reporting and personnel evaluation will also be tested, and assessed, leading to the evolution of an effective REES organizational structure.

D. Functional Elements

There are three main functional elements in the REES Project: a managerial and technical training and advisory services delivery system, a staff training methodology, and a project evaluation data collection and analysis system.

1. Delivery System

The raison d'être of the REES is the delivery of appropriate, relevant, individual management skills training to rural businesspersons at their business premises. Previous PfP/Kenya experience found that class-room training of business skills, often called "Trader's Courses", was ineffective without immediate and periodic follow-up. Often businesspersons are unable to leave their businesses to attend such courses, and many find information given in the classroom irrelevant to the problems in their business. An extension service appears to be a more effective delivery system and evidence gathered to date indicates greater small businessperson acceptance of REES services than Trader's Courses.

Basic to the training and advisory services of REES staff is a 40 item Improvements Record (Appendix A), which is used as both a training curriculm guide, and a record of client progress in implementing and retaining certain skills and practices required for proper business management. The 40 items fall in the following general categories of management: Cash Control, Basic Documentation, Accounts, Analysis, Action, Display, Stock Control, Sales Promotion, Security, Employees and specific items pertaining to manufacturing and processing workshops. Data already being collected compares client improvements over time with staff consulting hours and cost. Proposal acceptance would permit a more sophistic-

ated collection and analysis of both client and control group data by a staff Data Analyst, required for an accurate Project Cost/Benefit analysis.

Consultant training and advisory services are offered to any rural businessperson who has made an investment of at least $100 in a business, provided the person is conducting the business full-time. The REES is a no-charge delivery system although certain materials and special training or special staff inputs are provided on a cost/fee basis. No substantial amount of money has been obtained in this way and future development of the REES will include experimentation with fees-for-services rendered on an ability-to-pay basis. In an extension service targeted for the smallest and poorest of business units, it will never be possible to recover a significant portion of project costs through fees or other charges.

need MAK

2. Consultant Training Methodology

An integral element of the REES is the Kenyan consultant recruitment, selection, formal training and continuing on-the-job training and evaluation process. Three formal consultant recruitment, selection and training efforts have resulted in REES training of 50 persons as business consultants, with 24 having been offered positions on the REES staff. To date 18 remain with PfP/Kenya, 13 as Field Consultants, 1 as Area Supervisor, 1 as Accounting Specialist, 2 Office Clerk Accountants, and 1 Horticultural Specialist. Three trainees resigned and three were asked to leave the Project staff. Further development of training materials, testing of alternative formal training methods and improvement of on-the-job training opportunities and approaches, are required to complete a comprehensive Kenyan business consultant training programme relevant to the management needs of rural business in developing countries.

The REES Project works in close collaboration with the Friends College of Applied Science and Technology located in Western Kenya, from where more than half of the REES Kenyan consultant staff were recruited. Exchange of training materials and discussions on adjusting curricula to meet the needs of rural business employment opportunities, as well as of the REES, continue to date, with greater interface anticipated in future as REES staff provide management input for a joint PfP/Kenya - Friends College community canning and nutrition project.

A formal draft training manual has already been prepared by REES staff, and has been used as a resource for a forthcoming publication on the REES approach published by the Intermediate Technology Development Group (ITDG) in Great Britain. Acceptance of this Proposal will enable further refinement and testing of this manual in two additional formal training sessions and the ongoing on-the-job training process of the REES.

Client and consultant training are the heart of the REES approach and project design.

3. Data Collection and Analysis System

Fundamental to the REES Project of PfP/Kenya is the periodic evaluation of project effectiveness through the analysis of client and control group management ability and business performance. Built into the REES delivery system is a monthly reporting system providing the Operations Manager with data on overall REES client turnover, improvement rates, employment, sales, profits and reinvestment levels. The client data is used both as a management tool to gauge consultant effort and impact, and as a means for setting and evaluating project targets and project impact.

Remaining to be implemented is a data collection methodology for the gathering of area baseline data and the periodic collection and analysis of parallel data from a control group for the setting of area business growth, and management performance trends. With approval of this Proposal, an REES Data Analyst will develop a data collection methodology capable of providing statistically significant data from client and control groups for the periodic and final evaluation of the REES as an effective, efficient management skills delivery system and training method.

E. Outputs and Achievements Expected

1. REES Outputs

The present REES Data Collection system provides 28 items of information (Appendix B), on a Quarterly basis from each Operations Area. Ten of these items have been selected as benchmark items to gauge the effectiveness of the REES. REES Field Consultants collect all the data, most of which is required in the training/consultative process with clients. Since the data is generated from the interrelationship between consultant and client, a separate client data gathering system would be redundant. All the ten benchmark items are aggregate figures for all REES clients, or averages or percentages. Each item is displayed in graph form with actual data plotted against a predetermined benchmark. Achievement of benchmarks assumes accurate baseline data, project and area stability, projected REES effectiveness and impact, as well as full project funding.

Benchmark Items for measuring REES Outputs are:

1. Total Clients Trained by Project
2. Percent Clients Retained 12 Months or Longer/Total Clients Trained by Project

3. Percent Clients Trained/Total Business Pool in the Area
4. Client Improvement Average per Month
5. Average Number of Months Clients are Active
6. Project Cost per Consulting Hour
7. Net Employment Added to Client Enterprises during Project
8. Average Monthly Client Gross Sales and % Change during Project
9. Average Monthly Client Net Profit and % Change during Project
10. Average Client Reinvested Profits and % Change during Project

REES Benchmark Quantitative Projections for Three Years are presented in graph form in Appendix C.

2. REES Staff Training Process Outputs

During each of the next two years, one new operations area for the REES will be established following close consultations with officials of AID and the Kenyan government. Each new area will require 4 additional Field Consultants and 1 additional Area Supervisor, while both areas will require 1 additional Project Consultant. A formal consultant training session, of 4 weeks duration, will be conducted following recruitment and selection of qualified Kenyan candidates, each year, not only to train required additional staff but to perfect training materials and methodology. In addition, ongoing on-the-job training will upgrade present REES staff consulting ability.

At the end of the Project, the following outputs in trained Kenyan personnel will have been achieved since the start of the REES:

5 Formal Training Sessions Conducted
70 Individuals Trained as Business Consultants
20 Staff Field Consultants Deployed and Trained on-the-job

5 Field Consultants Promoted to Higher Positions

5 Area Supervisors Oriented and Deployed

3 Project Consultants Employed

With the exception of Project Consultants, all personnel of the REES will be Kenyan by the end of Project. In addition, the draft REES training manual will be revised and prepared for distribution to appropriate government departments and agencies as well as other interested organizations, to complement the ITDG publication on enterprise extension services.

3. Project Achievements Expected

In order to verify the impact of the REES on the Project Goal of increasing the managerial and technical ability of rural, small-scale businesspersons, the following measureable achievements are expected at the end of Project:

a. 50 % lower failure rate of REES clients compared to control group.
b. 50 % higher reinvested profits growth rate of REES clients compared to control group.
c. 100% higher return on investment of REES clients compared to control group.
d. 100 % higher gross sales increase by REES clients compared to control group.
e. 100 % higher implementation of REES improvement items by REES clients compared to control group.

A major assumption of the REES project is that increased managerial and technical ability of small-scale business owner/operators will directly result in, and be measureable by, increased business financial performance. It is also assumed that increased rural business management ability leads to a more consumer-oriented supply of goods and services, thus contributing to an improved standard

of living in rural areas, where virtually all goods and services are provided by small businesses and industries.

Achievement of Project Goal and Purpose will be the major focus of the end-of-project evaluation and final report.

II. PROJECT BACKGROUND

A. PFP ORGANIZATION

1. PfP/Kenya

The Partnership for Productivity Service Foundation, PfP/Kenya, was chartered under Kenya law as a non-profit, private organization in 1970, (Appendix D). The PfP/Kenya programme of rural enterprise development is guided by a Governing Council composed of 13 Kenyan citizens which meets bimonthly, (Appendix E). A Management Committee meets monthly with the Administrative and Operations Managers to review programme activities, budget and expenditures. The Governing Council is entirely responsible for PfP/Kenya programme, policies and personnel. PfP/Kenya staff totals 27 at present, including REES Project Staff.

2. PfP/USA

The term "PfP", when used alone refers to the group of organizations, including PfP/Kenya and PfP/Liberia, which are affiliated with the Partnership for Productivity Foundation, Inc., PfP/USA, and to the overall PfP approach to rural, small-scale commercial and industrial enterprise development and management training in developing countries.

PfP/USA was formed in 1969 "to promote the better sharing of the world's resources as an expression of a religious concern." More specifically, PfP/USA focuses financial and human resources on productive, rural, small-scale business development, particularly in Africa. Established through Quaker initiative, PfP/USA collaborates with many church and non-church organizations, and no religious preference is applied in any staff recruitment or programme operation.

PfP/USA was incorporated in 1969 under the non-profit laws of the State of Indiana, and was certified by the Internal Revenue Department in 1971 as a non-profit foundation to which contributions are tax-deductable. PfP/USA is guided by a Board of Directors (Appendix F) which meets quarterly for an intensive review of policy and programme. With Headquarters located in Annandale, Virginia, PfP/USA activities include fundraising, programme interpretation, recruitment of staff, and policy guidance for its affiliated overseas organizations. PfP/USA is directed by a President and support staff of two.

The overall PfP organization represents an innovative departure from other private voluntary overseas development organizations, (PVOs) in its practice of fostering the establishment of affiliated, but independent and indigenous overseas PVOs. Local PVOS are fully responsible for appropriate project design, implementation, direction and evaluation in the field of rural enterprise development. They are free to experiment and develop new strategies for rural development responding to locally identified needs and priorities. By promoting affiliated PfP organizations, PfP contributes not only to rural development overseas, but to the creation of a local institutional capability for greater self-reliance in rural development activities. Indigenous PVOs are becoming a unique development resource in developing countries.

B. PFP APPROACH TO DEVELOPMENT

Certain concepts, discoveries, and practices under-lie the basic PfP approach to rural enterprise development in Africa:

1. To affect the well-being of the poorest majority, PfP concentrates its staff, resources, and activities in rural areas, where the majority of the population lives.

2. To increase individual and community initiative and self-reliance, PfP fosters the establishment of independent, indigenous, private voluntary PfP organizations to design and direct the local PfP programme.

3. To contribute to balanced rural development, PfP focuses its efforts on the development of non-farm business enterprises which support parallel agricultural, educational, social and other government sponsored development efforts.

4. PfP has found that the most critical elements in rural enterprise development are entrepreneurial ability and managerial skills, usually in short supply in rural areas due to the fact that:

   a. Such skills cannot be taught in a classroom, like some technical skills.
   b. Such skills cannot be learned from others, if few other successful businesspersons are found in the community.
   c. Such skills are more important than capital. Good management can attract capital while poor management wastes it, even if available through loan schemes.
   d. Such skills are a requisite in the efficient running of any kind of economic enterprise - governmental, co-operative or private.
   e. Such skills are attracted to areas where demand and opportunities are greater - usually in the cities.

5. With managerial skills in short supply, the PfP approach is to recruit and train motivated local individuals, preferably with an accounting or business background, as Business Consultants who, in turn, train and advise local small-scale businesspersons in the techniques and practices of proper business management.

6. The PfP approach is innovative in nature, devising and testing methods of interfacing the practical business experience and management skills of its staff with the needs and priorities of small-scale businesspersons to meet the demand for goods and services from the rural communities in which they live and work.

C. PFP/KENYA PROGRAMME ACTIVITIES

Current PfP/Kenya ongoing programme activities include, in addition to the REES, the following projects:

1. Rural Market Loan Scheme (RMLS)
   Designed in 1972 as a method of credit education and experience for small-scale businesspersons, the RMLS makes small loans of between $60 and $360 to traders and manufacturers in rural areas by means of a revolving loan fund provided by a PfP-affiliated Kenyan company, West Kenya Productivity Investments, Ltd. (WKPI). The WKPI loan fund is managed by a representative committee of businesspersons in each market, in consultation with the REES Field Consultant and a representative from WKPI.

   The RMLS is a project in which PfP provides advisory and administrative support in keeping with the overall PfP/Kenya programme objective of providing appropriate management training for small-scale rural enterprises. Its purpose is to test a system for providing rural businesspersons with experience in receiving, utilizing and repaying borrowed money. The RMLS also generates greater awareness, co-operation and sense of community among individual businesspersons in rural markets.

   The credit education and lending activities of the RMLS are integrated with the management training and advisory services of the REES in rural markets, through the deliberate interface of the Field Consultant with the local market committee for their evaluation of RMLS loan

applicants and continual review of businessperson training needs.

Specific RMLS market selection, committee formation, loan fund establishment, loanee selection and lending/repayment procedures have been devised, and at the end of 1975, schemes were functioning at six rural markets using WKPI loan funds totaling $26,850 since the start of the RMLS. Loans in arrears have averaged less than 10% of all loans given, and 3 of the 6 schemes have had no loans in arrears. The repayment figures are significant in view of the fact that loans are not secured by any form of collateral other than the personal integrity of the individual.

It is anticipated that RMLS activities will expand over the next 3 years, provided sufficient loan fund capital is available from WKPI.

2. Self-Developing Projects

PfP/Kenya staff, including, on occasion, REES staff, provide managerial and technical assistance to several on-going, self-sufficient groups engaged in handicraft production, vegetable production, vocational skills training and other productive activities in rural areas. Groups presently being assisted include:

- Kakamega Cottage Industry Society of Women - 28 women engaged in pottery, tie-dye and jewelry manufacture.
- Bukuga Vegetable Group - 7 men and 7 women engaged in vegetable production and marketing.
- Nzoia Friends Women's Group - 13 women engaged in sisal products manufacture.
- Chango Women's Society - 130 women engaged in banana-fibre product manufacture and jam production.

- Keveye Village Polytechnic - training institution for 120 primary school graduates, providing 2 - year skills training courses in carpentry, motor mechanics, tailoring, leather-working, masonry and electrical installation.

- Up-Country Crafts Shop - retail outlet for handcrafted products, owned by WKPI and managed by PfP/Kenya.

- Friends College Canning Project - self-help public facility equipped for the preparation and heat procesessing of fruits, vegetables, meat and fish, for preservation for future use by local individuals and institutions.

PfP/Kenya responds to requests for management training and assistance, from other groups and organizations in Western Kenya, in keeping with current programme priorities and financing.

D. RELATED HOST COUNTRY DEVELOPMENT ACTIVITIES

The Government of Kenya has encouraged the growth of the private business sector ever since Independence, and is currently pursuing a programme of gradual transfer of non-citizen business enterprises to citizens, predominately African. Several para-statal organizations and programmes have been established for the development of commercial and industrial enterprises throughout Kenya, and the Kenyan Government is committed, in the current 1974-78 Development Plan, to the establishment of a Small Business Development Programme. However, in general, activities are confined to major cities and towns, and little direct benefit accures to the rural businessperson from these activities. The following organizations are engaged in rural enterprise development in Kenya at present:

1. Industrial and Commercial Development Corporation (ICDC)

A parastatal corporation, the ICDC promotes the development of Kenyan enterprise through both lending and investment activities, which are co-ordinated through Provincial offices. The ICDC is not equipped to provide management and technical assistance to client enterprises and is primarily a source of capital for both urban and rural enterprises.

2. Rural Industrial Development Programme (RIDP)

This programme, functioning under a wholly-owned subsidiary of ICDC, Kenya Industrial Estates, Ltd. is centered in Rural Industrial Development Centres (RIDC), one of which is located in Western Kenya. Equipped for skills training and machine rental as well as credit, the RIDC focuses on the small-scale, rural manufacturer, by bringing workshop managers and employees to the centre for training and assistance. The RIDP represents the most successful government-related programme for rural industry development yet established, but reaches only a small percentage of rural manufacturers.

3. Management Training and Advisory Centre (MTAC)

The MTAC is an ILO - sponsored institution, primarily concerned with seminars and courses for larger enterprise, middle and upper level management training. In collaboration with Provincial Trade Officers, the MTAC also sponsors rural businessperson trader's courses periodically, which are 1 to 2 week residential courses paid for by the government. Located in Nairobi, the MTAC is not organized to follow-up its rural trainees.

4. Technoserve

Similar in purpose to PfP, Technoserve concentrates its staff resources on farm-related, food-processing, housing construction enterprises, usually entering into

a formal assistance agreement with the enterprise owners. Providing higher level management assistance and advice, including the assignment of full-time staff to individual enterprises, Technoserve/Kenya works with fewer, but larger clients than PfP/Kenya, with a smaller, but more highly skilled staff of consultants, both Kenyan and expatriate.

5. Government of Kenya

The current Government of Kenya Development Plan 1974-78 places increased emphasis on rural small business and industry developme t. One section states in part, "By the end of the Plan period, there will be forty Small Business Development Centres in the country, each having about five extension officers". (p.295). At present it is uncertain where such Development Centres would be co-ordinated from in the Government, and several ministries and agencies have been actively seeking to have the responsibility assigned to them. The proposed centres represent the closest activity yet, related to the PfP/Kenya REES Project and the needs of rural enterprises, proposed by the Government of Kenya.

E. PROJECT HISTORY

The originator of the extension approach idea, as an effective delivery system for appropriate management skills and techniques, was Dr. Malcolm Harper, currently Director of the Marketing Development Centre at the Cranfield Institute of Technology, Bedford, England. From 1970 to 1974 he taught business in Kenya to University of Nairobi commerce students as well as to small-scale rural business-persons and managers of large enterprises. Dr. Harper designed and tested the forerunner to the REES in Machakos District, near Nairobi, using his commerce students as field consultants. Results of his experiment and the description of a larger prototype extension service were

subsequently published in a University of Nairobi monograph, which came to the attention of PfP/Kenya staff in late 1973, (Appendix G).

Following discussions with Dr. Harper, PfP/Kenya staff recommended to the Governing Council the initiation of an extension service for small business and a decision was made to proceed with a formal training session. The first training session was held in April, 1974 with 26 candidates attending the two-week residential course held at Friends College. Grants from USAID and PACT enabled PfP/Kenya to employ 12 successful trainees as Field Consultants. Bicycles were purchased and offices opened in 8 markets in May 1974. Subsequent promotion and attrition left the extension service with 7 Field Consultants by the end of 1974.

At the end of 1974 and again in early 1975 two more formal training sessions were conducted, with 24 trainees in attendence at the now three-week, non-residential courses. A total of 10 additional Field Consultants were employed and deployed in three operational areas. At the end of 1975, 2 consultants had left and 2 had been moved to other positions within the PfP/Kenya organization, leaving a total of 13 Field Consultants working from 11 offices in rural markets throughout Kakamega and Bungoma Districts of Western Province, Kenya.

The REES project will be forced to reduce its staff and operational areas in 1976 if substantially increased funding is not available. The history of the project is one of patchwork funding which has enabled the REES to reach its present level of effectiveness only with great difficulty and discontinuities. At present, funds from PACT, The United Methodist Committee on Relief, The National Christian Council of Kenya, and USAID (to June, 1976) are committed to the REES. Approval of this Proposal will

enable the careful field testing, modest expansion and comprehensive evaluation of the REES project of PfP/Kenya for a three year period, ending in 1979.

III. PROJECT ANALYSIS

A. ECONOMIC EFFECTS

1. Project Beneficiaries

The REES is structured to operate in those rural areas where small-scale trade and service enterprises (less than ten employees) play an essential role. These businesses require a small capital investment, tend to be labour intensive, utilize local resources and directly affect the rural majority through their goods and services. By increasing the managerial competence of local business people and by training, employing and utilizing local personnel as consultants, the REES indirectly affects the standard of living of a large proportion of the rural population.

The direct beneficiaries of the REES are the small-scale business operators. Generally these business-persons, when they first begin working with REES staff, have inadequate accounts or records, unit pricing and costing is poor, sales management and promotion are unknown, and other management requirements such as flexibility, quality control, production planning, and product knowledge are also low or non-existant. By increasing their managerial ability, small business-persons are able to better conserve and utilize their limited investment capital, and available credit.

Related beneficiaries of the REES are locally recruited young people, trained and employed as consultants by the REES. By training local individuals, the REES not only makes use of local manpower resources, but creates employment opportunities for young people in their local communities.

Indirect beneficiaries of the REES are the rural population, among whom are the "poorest of the poor". This group benefits from the REES through the establishment of fairer prices, better and more diversified consumer services, and improved distribution and marketing of both farm and non-farm products.

2. Supporting Data

a. Area Population

The REES is located in the Western Province of Kenya and has three operational areas in two of the three Districts, namely Kakamega and Bungoma. Estimated area population (1975):

Western Province	1,395,000
Kakamega District	775,000
Bungoma District	365,000

b. Business Population

The following statistics were gathered from REES surveys made in 1975 and March, 1976.

- Small-Business population in the three REES operational areas: 3025
- Percentage of small-business population that the REES has worked with: 32%

c. Direct Project Beneficiaries-Clients

- Total REES clients served since project start: 969
- Small-Business average gross sales at start of REES training: $436 per month
- Small-Business average net profit at start of REES training: $50 per month
- Small-Business average gross sales after working with REES for 6 months: $1043 per month

- Small-Business average n profit after working with REES for 6 months: $165 per month
- Percent increase in gross sales: 139%
- Percent of increase in net profit: 230%
- Current average number of REES clients: 300

How many non REES businesses have gone bankrupt?

d. Related Project Beneficiaties-Staff

- Three formal REES training sessions have been held training 50 consultant candidates
- At present there is a staff of thirteen Field Consultants and three Area Supervisors, all but one of whom are Kenyan.
- Direct training cost per consultant: Approximately $100

e. Project Costs

- Total REES cost: $40,000 per year per operations area.
- Cost per consultant: $2,400 per year
- Consultant cost per client: $50 per year
- Cost per client improvement: $5

B. TECHNOLOGICAL APPROPRIATENESS

The REES is a labour intensive delivery system which utilizes appropriate management skills, commensurate with the needs of the rural small-scale businessperson. REES services are offered free of charge to clients at their premises and the REES uses local manpower and local resources, such as public transportation, bicycles and locally published books and materials. The REES training method has been developed in Kenya while on-the-job training takes place entirely within project areas. The total REES project depends primarily upon local manpower resources and employs only that management "technology" which is appropriate to the needs and ability of the indigenous population.

Because the REES is operational, it has had the opportunity to confront unforseen problems. As such problems and constraints arise, they are resolved through a continual process of staff initiated modifications in project methodology and priorities.

In addition, the REES functions as a means for disseminating appropriate technical or management innovations developed for use in developing countries. It is not enough to design intermediate technology innovations for agriculture or industry. A delivery system is required to introduce new ideas on a wide scale, especially in rural areas where communications are poor and strangers with new ideas are met with suspicion. Many intermediate technology ideas must also be promoted to small businesspersons, whether they consist of new products to be made and sold, or new methods of manufacture which may improve existing business operations.

The REES is an appropriate method for the effective wide scale dissemination of appropriate technology as well as management skills, in rural areas.

C. SOCIO-CULTURAL FACTORS

1. Impact upon Traditions and Values

The REES is specifically designed to build upon the strengths of local customs and values. One way of doing this is by utilizing a staff of local consultants who have never lived for an extended period of time outside the local area. Such consultants have not developed the cultural gap which is found so often in the educated elite, who no longer

have the ability or desire to return and relate to the rural environment professionally. As a product of the culture in which they are working, REES consultants have the unique ability to provide a link between the traditional past, and demands and practices of the present and future. They are innovative change agents who act as a vehicle to provide more efficient business practices, knowledge, experience to rural small-scale businesspersons.

PfP/Kenya recognizes its unique position being involved in ongoing social change. Industrialization and modernization are bringing significant changes not only to the big cities, but also both directly and indirectly to rural areas. PfP/Kenya perceives the challenge of rural development as follows: "How can economic progress be encouraged in the rural areas rapidly and strongly enough to enable them to hold their own in the whole national pattern of development, and yet gradually enough that valuable family and other social values are retained and community life maintained ?"

There need to be ways of identifying, for example, elements in the local culture which can serve to support the idea of business as a legitimate career, so that it is perceived as a natural local development. Even the simplest types of business enterprise may require untraditional practices and ways of solving problems if they are to be successful. Expatriate staff members, from their past business experience, may see what they consider to be needed business practices: local staff consultants and supervisors are the ones to relate such business management requirement most acceptably to the customs and traditions of the people in the area. It is this union of new and

old ideas, among staff members with a common goal that moderates REES impact upon local traditions and values.

A special challenge is created by the fact that so many able and ambitious young people, perceiving greater opportunities in urban areas, leave Western Kenya to seek their fortunes in cities like Nairobi or Mombasa. It is both an economic and a social necessity to foster opportunities which will encourage more young people to remain in or near their home communities and contribute to development there. The REES represents one such opportunity to train and retain both young consultants and businesspersons in rural areas in Kenya.

2. Role of Women and Impact upon Women

In Western Kenya, nearly one-third of REES clients are women. Because of the training and assistance that REES has given these women, many of them have become leading business owner/managers with viable and expanding shops. However, because educational and business training opportunities for women have been fewer than those for men in the past, not as many females have been able to meet the basic qualifications to become a REES consultant. At present, there are two female REES Area Supervisors. Also, out of thirteen Field Consultants, one is a woman. This ratio (13 to 1) corresponds roughly to the percentage of women in Western Province who have received a more advanced education. The performance of female REES staff members has been excellent and they are accepted and capable business consultants. A great number of their clients are male and they have been happy to receive their training and assistance.

The REES does not select clients or staff on the basis of sex, and business and consulting ability do not appear to be related to sex. Specific data will be collected to better evaluate the needs and performance of female business owners/operators and REES project effectiveness with regards to women clients. Special efforts will also be made to increase the number of female consultant candidates in future REES formal training sessions.

In summary, REES has proven that it both works effectively with women and that women are becoming an integral part of its extension service staff.

3. Non-Citizen Business Community Support and Opposition

The Kenyan government's declared policy is to transfer the ownership of businesses to Kenyan citizens. This has been accomplished by an ongoing process of non-renewal of licenses for non-citizen (mostly Asian) enterprises as well as the granting of loans to citizens (mostly African) for the purchase of these businesses.

Obviously this situation has resulted in a certain amount of hostility between Asian and African business communities. Even though the majority of REES clients do not fall within this catagory of having purchased Asian businesses, the vast majority of clients still buy their goods and materials from an Asian wholesaler. The result of this practice is that the profitability of client enterprises is hampered, especially with regards to their ability to purchase goods on credit. As the distributive trade becomes more Kenyanized, REES clients may to be able to purchase goods at a lower price on credit.

The REES can play an important role in assisting new managers of businesses bought from non-citizens, to maintain the high level of management required for the efficient running of these more advanced and complex enterprises. Greater efforts in future will be made to provide REES management training services to such businesses.

Although no non-citizen business interests have been identified in opposition to REES services, neither does evidence at the present time indicate that such interests particularly encourage REES efforts.

D. IMPACT ON THE POOREST MAJORITY

Through an increase in managerial competence, REES clients have been able to offer a wider range of services and products to their customers, many of whom are among the poorest of the rural poor. The REES has both a direct and indirect impact on the poorest majority:

- Improved distribution of both farm and non-farm products has broadened the markets for the subsistance farmer in rural areas.
- Indigenous trained personnel have assisted in the upgrading of the capability of rural areas to deal with their problems.
- General improvement in the business environment has resulted in a wider range of products available at better prices.

The REES is a grass-roots project targeting its services for the smallest shops in rural markets rather than towns. Even the "poorest of the poor" require household goods and repair services, almost

exclusively provided by small businesses. The REES is an operational example of development "from the bottom up".

E. COLLABORATION

Since the beginning of the PfP programme in Western Kenya there have been varying degrees of collaboration with various institutions inside and outside Kenya. It has been a PfP priority to utilize all available expertise in order to optimize programme impact. The following is a listing of organizations with which PfP/Kenya collaborates:

- Local Institutions and Programmes

1. Kaimosi College of Research and Technology (Friends College)

   The majority of REES business consultants are Friends College graduates, who are among the best qualified and most effective staff members. PfP has provided Friends College part-time teachers, job placement for some other graduates, and formal REES training courses which utilize the College facilities.

2. Management Training and Advisory Centre (MTAC)

   The MTAC has provided PfP with materials and suggestions for REES consultant training. And MTAC and PfP staff have collaborated in preparing and conducting classroom training courses for rural businesspersons in Western Kenya.

3. Special Rural Development Programme (SRDP) - Vihiga/Hamisi Divisions

   In this joint Government of Kenya/USAID integrated rural development programme, PfP

continues to provide the rural commercial and industrial enterprise development component under contract to USAID.

4. National Christian Council of Kenya (NCCK)

The NCCK provides financial support for the REES as well as for other PfP activities. In addition, the NCCK's Cottage Industry Section is a marketing outlet for items produced by REES clients and PfP-assisted groups.

5. Kenya National Chamber of Commerce and Industry (KNCCI)

The local branch of the KNCCI assisted PfP in introducing the REES programme to rural market areas and was instrumental in the formation of the Rural Market Loan Scheme.

6. Barclay's Bank of Kenya

A Barclays Bank Manager is on the PfP/Kenya Governing Council and Barclays has referred several loan applicants to PfP for managerial advice.

- External Institutions and Programmes

1. Intermediate Technology Development Group (ITDG) - England

ITDG, in collaboration with USAID and Malcolm Harper, originator of the REES approach, will publish a book partially based on the PfP/REES field experience and training manual.

2. Volunteers in Technical Assistance (VITA) - USA

VITA provides PfP and REES clients with technical assistance on proposed enterprises, for example bricks and charcoal manufacture.

3. Technoserve - USA

Several joint Technoserve/PfP projects have been investigated and REES clients are often referred to Technoserve for specific technical requirements or assistance.

4. Private Agencies Co-operating Together (PACT) - USA

PfP was a founding member of PACT and PACT staff participated in the development of the current PfP/Kenya three year programme development plan. PACT is currently providing financial support for PfP programme activities, including the REES.

F. INSTITUTIONALIZATION

The REES is a demonstration project. PfP/Kenya is currently developing the REES as a prototype delivery system of appropriate management skills for rural small-scale businesspersons, which will be capable of replication on a larger scale. It is anticipated by PfP/Kenya that the Kenyan government will either use the experience and materials produced by the REES as a resource for the establishment of a government extension service, or will contract out to a private organization, perhaps PfP, to implement such an extension service on a large scale in Kenya.

The Government of Kenya has publically declared its intention on numerous occasions to establish a Small Business Development Programme. The Kenyan Government 1974-1978 Development Plan states: "To improve the quantity, quality, and the co-ordination of services to small businesses, a new corporation to be known as the Small Business Development Corporation, will be established. It will incorporate the Kenya Industrial Estates and the Rural Industrial Development Programme. By the end of the Plan period, there will be forty Small Business Development Centres in the

country, each having about five extension officers." (p.295)

"The Centres will serve as focal points for advisory services to be given to businessmen operating in trading centres and market places in a district. The staff attached to the centres will essentially consist of teams of business advisors. The activities of the centres will include providing training to businessmen. Although the Government recognizes that there is a need to provide assistance to all businessmen, its programme for direct assistance to businessmen is basically designed to benefit small-scale businessmen through-out the country. It is estimated that there are approximately 40,000 small-scale businesses in the rural areas and another 30,000 in the main towns. These businesses provide employment for about 500,000 people. It is, therefore, important to assist these small-scale enterprises to enable them to operate more efficiently and help expand the employment opportunities available in the country." (p. 375)

It is not the intention of PfP/Kenya to continue the REES beyond 1979 as a PfP project without substantial local financing. PfP is developing a demonstration project which is most properly the function of the Kenyan Government to implement on a large and permanent scale, either directly or indirectly in Kenya. PfP/Kenya will make available its REES operational experience, materials, data and staff to both the Kenyan government and any other interested governments and organizations as requested.

Initial experience indicates that the REES is an effective means for rural enterprise development for

which external financing should be available to the Kenya Government for its broader implementation. By the end of 1979 sufficient operational experience will have been collected for formal evaluation and review by the Kenyan Government and interested donor agencies.

The REES is designed for eventual local staff assumption of all project responsibilities and is presently administered by a Kenyan under the guidance of the Kenyan Governing Council. Out of an operations staff of twenty-one, only four are expatriates at present.

PfP/Kenya is a Kenyan registered private voluntary organization entirely under the direction and control of Kenyans. Unlike governments and expatriate organizations, PfP/Kenya has the freedom and the ability to test new strategies for rural development. Its unique capacity has already been recognized by the government of Kenya and USAID, and is a practical example of the type of indigenous institutional development encouraged by recent United States Congressional Foreign Assistance Acts.

As an institution, PfP/Kenya deserves the continued interest and support of USAID in its programme of rural enterprise development in Kenya.

IV. PROJECT DESIGN, IMPLEMENTATION, AND EVALUATION

A. IMPLEMENTATION PLAN

1. REES Delivery System

   a. Add two additional operations areas, one in 1977 and another in 1978.
   b. Add two additional Kenyan Area Supervisors by 1978, one per year, 1977-78.
   c. Add two additional Project Consultants, one in 1976 and one in 1977.
   d. Finalize client training methodology and materials by end 1977.
   e. Establish management system by end 1977.
   f. Establish feedback mechanism and schedule business community consultations by end 1976.
   g. Test various fee structures for services rendered by 1978.
   h. Respond to Government of Kenya plans and financing for REES country-wide implementation by June, 1979.

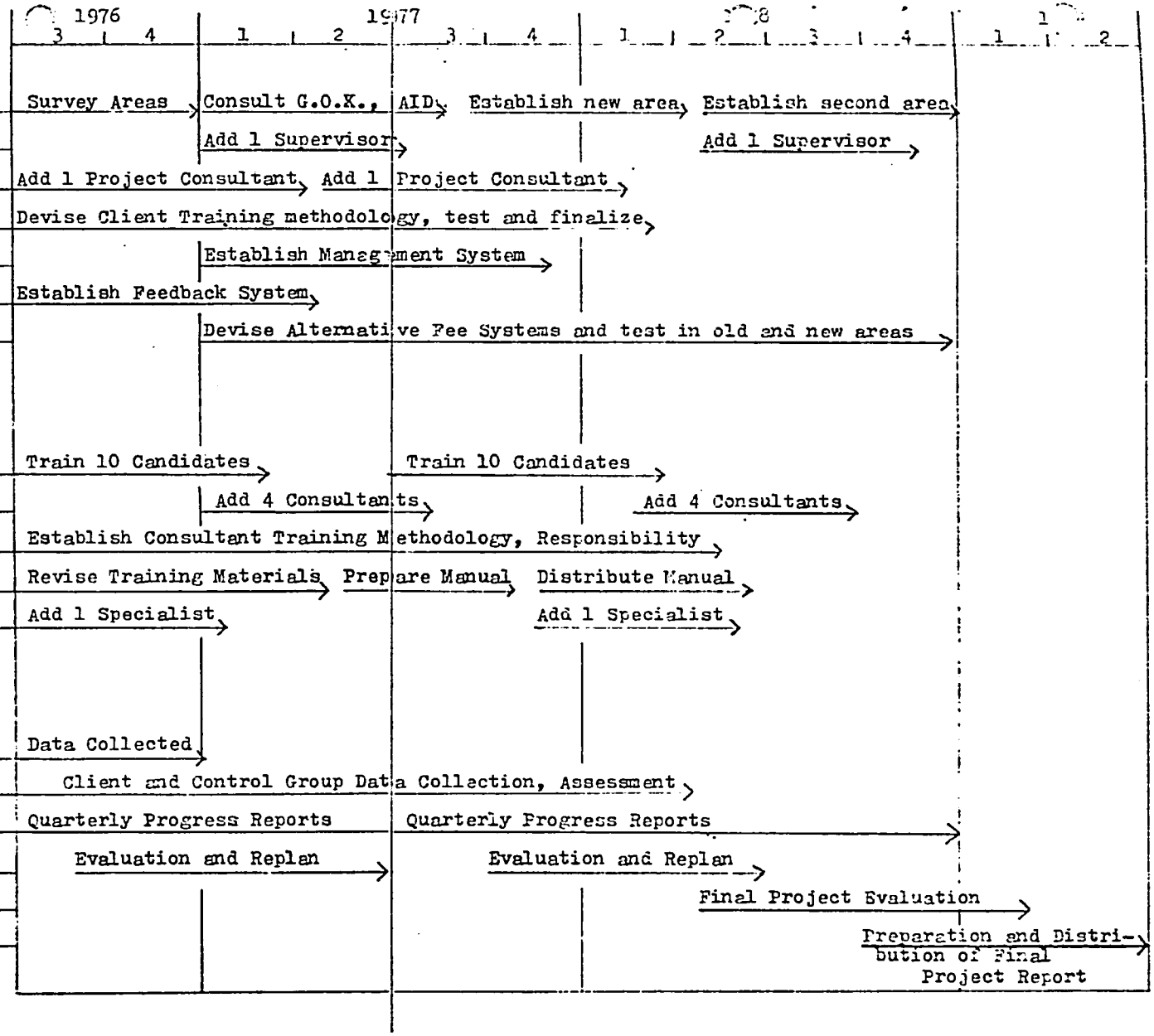
2. REES Consultant Training and Staffing

   a. Train two groups of 10-12 consultant candidates, one group in late 1976 and one in late 1977.
   b. Add eight additional trained Field Consultants, four in early 1977 and four in early 1978, and additional consultants as required to have a total of 16 Field Consultants on the REES staff in 1977 and 20 by 1978.
   c. Establish on-the-job training methodology, system and staff responsibility by 1978.
   d. Prepare and distribute consultant training manual and materials by 1978.
   e. Add two qualified Kenyan or expatriate volunteer Technical Specialists, one in woodworking, the other in metalworking, by end 1976.
   f. Respond to Government of Kenya personnel requirements for REES country-wide implementation by June, 1979.

3. Data Collection, Analysis and Evaluation

   a. Devise and implement baseline data collection procedures collecting required data by end 1976.
   b. Devise and implement ongoing client and control group data collection procedures by end 1976.
   c. Prepare quarterly project progress reports.
   d. Prepare formal assessment of data in early 1977 and 1978, with recommendations for project modifications.
   e. Plan and carry out formal, final evaluation of REES project in 1978.
   f. Prepare final report for presentation to Government of Kenya and donor agencies by January, 1979.

B. IMPLEMENTATION SCHEDULE



C. MEASUREMENT AND EVALUATION OF PROJECT OUTPUTS

The following Benchmark targets will be used to measure and evaluate quantitate achievements of the REES project.

1. Total Clients Trained by Project: 50 per consultant per year
2. Percent Clients Retained 12 Months or Longer/Total Clients Trained by Project: 33⅓% by 1979
3. Percent Clients Trained/Total Business Pool in the areas: 40% by 1979
4. Client Improvement Average per Month: 2 by 1979
5. Average Number of Months Clients Active: 12 by 1979
6. Project Cost per Consulting Hour: $6 by 1979
7. Net Employment Added to Client Enterprises during Project: 1 person per every 3 clients retained 12 months or longer
8. Client Average Monthly Gross Sales: $3,000 by 1979 % Change during Project: 200%
9. Client Average Monthly Net Profit: $500 by 1979 % Change during Project: 200%
10. Client Average Reinvested Profits: 50% of annual Net Profit.% Change during Project: 100%

Graphs plotting annual projected targets for the above 10 Benchmark Items are presented in Appendix C.

An annual in-house project progress assessment and report will be made by the REES staff, analyzing client and control group business performance data, feedback from clients and consultants, and the efficiency and effectiveness of REES methodologies. Conclusions reached will be the basis for project modifications and replanning, to increase project impact and efficiency.

In addition, a Formal Evaluation of the entire REES project will take place during the final grant year. The evaluation team will be composed of impartial members as mutually agreed upon by PfP/Kenya and USAID. It is anticipated that the team will examine, in particular, actual project achievements compared to project purpose and projected outputs, the validity, significance and interpretation of data collected, and the cost/effectiveness of the REES as a delivery system for management and consultant skills training.

Finally, an REES Project Report, including a detailed description of the delivery and training systems, organization and operation of the REES, significant

data collected and trends identified, and results of the formal evaluation, will be prepared and distributed to the appropriate ministries of the Government of Kenya, USAID, and other interested organizations and governments, by June, 1979

D. LOGICAL FRAMEWORK MATRIX (Project Design Summary)

Project Duration: July 1976 - June 1979

Project Title: Rural Enterprise Extension Service (REES)

OPG Request: $300,000

NARRATIVE SUMMARY	OBJECTIVELY VERIFIABLE INDICATORS	VERIFICATION	IMPORTANT ASSUMPTIONS
Programme Goal: Increase the managerial and technical ability of Small-Scale, rural business owner/operators Sub-Saharan Africa W. Kenya	Measures of Goal Achievement: 1. 50% lower failure rate of REES clients/control group 2. 50% higher reinvested profits growth rate of REES clients/control group 3. 100% higher return on investment of REES clients/control group 4. 100% higher gross sales increase by REES clients/control group 5. 100% higher implementation of REES improvement items of REES clients/control group	Goal Achievement: REES Project Data ?	Concerning Value of Project: 1. Increased managerial and technical ability improves goods and services 2. Improved goods and services lead to improved standard of living 3. Government and economic stability 4. Continued Government support of private sector 5. Continued growth in agricultural production and markets
Project Purpose: Demonstrate an effective, efficient and replicable rural enterprise extension service for the delivery of appropriate management training and advice to small-scale businesspersons	Conditions Indicating Purpose Achievement: 1. Project trains 50 clients/consultant/year 2. Project trains 40% of business pool in areas by 1979 3. Project retains ⅓ of clients 12 months or longer by 1979 4. Average consulting time per client improvement: 2 hours by 1979 5. Project cost per hour consulting time: $6 by 1979 6. GOK financial support or implementation	Achievement of Purpose: REES Project Data Final Project Evaluation and Report	Affecting Purpose - Goal Link: 1. Business management and technical skills may be taught 2. Businesspersons implement training 3. Increased management ability increases business and financial performance 4. Investment capital is available 5. Extension service is an effective and efficient means for increasing management ability
Outputs: 1. Baseline data collected 2. Kenyan Consultants trained 3. Extension service established 4. Client training methodology devised 5. Client, community needs identified 6. Consultant training manual published 7. Client, control data collected 8. Evaluation methodology formulated 9. Management system established	Magnitude of Outputs: 1. Survey of area enterprises by end 1976 2. In-house training for 20 Kenyan consultants 3. Client training at rate of 50/Consultant/Year 4. Modifications in training system for impact 5. Annual client, community, staff sessions 6. Training manual published by end 1977 7. Periodic project data collection 8. Project evaluation plan prepared by end 1976 9. Management system in force end 1977	Outputs: REES Project Data Final Project Evaluation and Report	Affecting Output-Purpose Link: 1. Baseline data is available 2. Training programme produces effective consultants 3. Personnel turnover is low during project 4. Client training system is effective 5. Client and control group data is available 6. Management system is effective
Inputs: 1. Devise baseline data collection methodology 2. Recruit, train Kenyan personnel 3. Develop client training system 4. Devise client training materials, techniques 5. Identify client, community needs 6. Prepare consultant training manual 7. Devise client, control data collection system 8. Develop Project evaluation plan 9. Establish management system	Level of Expenditure: 1. Personnel $207,100 2. Residence 4,400 3. Office 13,100 4. Administrative 6,000 5. Travel, vehicles 43,000 6. Evaluation 4,600 7. Misc., Inflation 21,800 Total $300,000	Inputs: PfP/Kenya financial records	Affecting Input - Output Link: 1. Qualified Kenyan staff candidates are available 2. Project staff is sufficiently sophisticated to devise required methodologies and systems 3. Technical personnel are available 4. Statistically significant control group can be identified 5. Project is fully funded 6. Actual project costs do not exceed projected costs by more than 10%

V. FINANCIAL PLAN

A. PfP/Kenya Income Budget Summary, July 1976 - June 1979

Source of Funds	1976-77	1977-78	1978-79	Total
USAID	$ 80,000	$100,000	$120,000	$300,000
PACT	32,500	32,500	16,250	81,250
UMCOR	13,500	10,000	5,000	28,500
Lilly Endowment	55,000	-	-	55,000
NCCK	15,000	30,000	45,000	90,000
Churches, Individuals	10,000	15,000	20,000	45,000
Other - Fees, Inkind Contributions	-	2,500	3,750	6,250
Total Projected Income	$206,000	$190,000	$210,000	$606,000

B. PfP/Kenya Expenditure Budget Summary, July 1976 - June 1979

Designation	1976-77	1977-78	1978-79	Total
In-Country Costs	$160,000	$180,000	$210,000	$550,000
U.S. Costs (expatriate personnel)	16,000	16,000	16,000	48,000
U.S. Administrative	30,000	28,000	32,000	90,000
Total Projected Expenses	$206,000	$224,000	$258,000	$688,000
Income VS. Expenses	Even	Deficit 34,000	Deficit 48,000	Deficit 82,000

C. PfP/Kenya Funds Committed, REES Project, July 1976 - June 1979

Source of Funds	1976-77	1977-78	1978-79	Total
USAID	$ 80,000	$100,000	$120,000	$300,000
PACT	12,000	12,000	6,000	30,000
UMCOR	13,500	10,000	5,000	28,500
NCCK	15,000	30,000	45,000	90,000
Total REES Funds	$120,500	$152,000	$176,000	$448,500
Total REES Cost	$120,500	$152,000	$176,000	$448,500
Income VS. Expenses	Even	Even	Even	Even

D. REES Income/ penditure Budget, July 19 - June 1977

Cost Items	Total Man/months	EXPENDITURE Total	EXPENDITURE REES	REES FUNDS USAID	REES FUNDS Other
1. Personnel -		$ 89,100	$ 79,500	$52,400	$27,100
Administrative Manager	12	6,600	1,600	1,000	600
Operations Manager	12	6,600	5,000	3,300	1,700
Project Consultant	30	13,500	13,500	8,900 -1000	4,600 -1000
Area Supervisor	42	14,700	14,700	9,700 +1000	5,000
Technicians	48	6,000	6,000	3,900	2,100
Field Consultant	168	29,400	29,400	19,400 20,400	10,000 9,000
Data Analyst	12	4,800	4,800	3,200	1,600
Office Support	60	7,500	4,500	3,000	1,500
2. Residence		$ 2,000	$ 2,000	$ 1,300	$ 700
Repair, Utilities		2,000	2,000	1,300	700
3. Office		$ 7,050	$ 5,950	$ 4,000	$ 1,950
Rent		4,800	4,400	3,000	1,400
Repair, Utilities		750	500	300	200
Supplies		1,500	1,000	700	300
4. Administrative		$ 6,500	$ 2,750	$ 1,800	$ 950
Postage, Telephone		1,000	500	300	200
Bank, Professional Services		1,000	500	300	200
Printing, Photocopy		1,500	1,000	700	300
Insurance		1,000	750	500	250
Publicity, Guests		2,000	0	0	0
5. Travel, Vehicles		$ 28,700	$ 19,300	$12,800	$ 6,500
Local Transportation		2,000	1,000	700	300
Hotel, Meals		3,000	0	0	0
Vehicle Running (7)		16,800	14,400	9,500	4,900
Vehicle Replacement (2)		6,000	3,000	-2,000	1,000
Bicycle		900	900	-600	300
6. Experimental Operations		$ 2,000	0	0	0
7. Self-Developing Projects		$ 2,000	0	0	0
8. Evaluation, Research		$ 3,000	$ 2,000	$ 1,300	$ 700
9. Miscellaneous, 10% Inflation		$ 19,650	$ 9,000	$ 6,400	$ 2,600
Totals		$160,000	$120,500	$80,000	$40,500
Admin Overhead				16,000	
REES Percentages			100%	66%	34%

$26,400
23,600

REES Income/Expenditure Budget, July 1977 - June 1978

Cost Items		EXPENDITURE Total	EXPENDITURE REES	REES FUNDS USAID	REES FUNDS Other
1. Personnel -	Man/months	$115,590	$105,030	$ 69,300	$35,730
Administrative Manager	12	7,200	1,700	1,100	600
Operations Manager	12	7,200	5,500	3,600	1,900
Project Consultant	36	18,000	18,000	11,900 +1,100	6,100 -1,100
Area Supervisor	54	20,790	20,790	13,700 +1,100	7,090 -1,100
Technicians	60	6,600	6,600	4,400	2,200
Field Consultant	216	42,120	42,120	27,800 -13,400	14,320 -1,400
Data Analyst	12	5,280	5,280	3,500	1,780
Office Support	60	8,400	5,040	3,300	1,740
2. Residence		$ 2,200	$ 2,200	$ 1,500	$ 700
Repair, Utilities		2,200	2,200	1,500	700
3. Office		$ 7,750	$ 6,490	$ 4,300	$ 2,190
Rent		5,280	4,840	3,200	1,640
Repair, Utilities		820	550	400	150
Supplies		1,650	1,100	700	400
4. Administrative		$ 7,150	$ 3,050	$ 2,000	$ 1,050
Postage, Telephone		1,100	550	400	150
Bank, Professional Services		1,100	550	400	150
Printing, Photocopy		1,650	1,100	700	400
Insurance		1,100	850	500	350
Publicity, Guests		2,200	0	0	0
5. Travel, Vehicles		$ 28,280	$ 21,240	$ 14,000	$ 7,240
Local Transportation		2,200	1,100	700	400
Hotel, Meals		3,300	0	0	0
Vehicle Running (7)		18,480	15,840	10,500	5,340
Vehicle Replacement (1)		3,300	3,300	2,200	1,100
Bicycle		1,000	1,000	600	400
6. Experimental Operations		0	0	0	0
7. Self-Developing Projects		0	0	0	0
8. Evaluation, Research		$ 2,000	$ 2,000	$ 1,300	$ 700
9. Miscellaneous, 10% Inflation		$ 17,030	$ 11,990	$ 7,600	$ 4,390
Totals		$180,000	$152,000	$100,000	$52,000
Admin Overhead REES Percentages		-	100%	66%	34%

F. REES Income/Expenditure Budget, July 1976 - June 1979

Cost Items		EXPENDITURE Total	EXPENDITURE REES	REES FUNDS USAID	REES FUNDS Other
1. Personnel -	Man/months	$137,100	$125,700	$ 85,400	$40,300
Administrative Manager	12	7,800	2,000	1,300	700
Operations Manager	12	7,800	5,800	3,900	1,900
Project Consultant	36	19,800	19,800	13,500	6,300
Area Supervisor	60	25,500	25,500	17,300	8,200
Technicians	60	7,200	7,200	4,900	2,300
Field Consultant	240	54,000	54,000	36,700	17,300
Data Analyst	12	6,000	6,000	4,100	1,900
Office Support	60	9,000	5,400	3,700	1,700
2. Residence		$ 2,400	$ 2,400	$ 1,600	$ 800
Repair, Utilities		2,400	2,400	1,600	800
3. Office		$ 8,500	$ 7,100	$ 4,800	$ 2,300
Rent		5,800	5,300	3,600	1,700
Repair, Utilities		900	600	400	200
Supplies		1,800	1,200	800	400
4. Administrative		$ 7,800	$ 3,300	$ 2,200	$ 1,100
Postage, Telephone		1,200	600	400	200
Bank, Professional Services		1,200	600	400	200
Printing, Photocopy		1,800	1,200	800	400
Insurance		1,200	900	600	300
Publicity, Guests		2,400	0	0	
5. Travel, Vehicles		$ 30,700	$ 23,900	$ 16,200	$ 7,700
Local Transportation		2,400	1,200	800	400
Hotel, Meals		3,600	0	0	0
Vehicle Running (7)		21,000	18,000	12,200	5,800
Vehicle Replacement (1)		3,600	3,600	2,450	1,150
Bicycle		1,100	1,100	750	350
6. Experimental Operations		0	0	0	0
7. Self-Developing Projects		0	0	0	0
8. Evaluation, Research		$ 3,000	$ 3,000	$ 2,000	$ 1,000
9. Miscellaneous, 10% Inflation		$ 20,500	$ 10,600	$ 7,800	$ 2,800
Totals		$210,000	$176,000	$120,000	$56,000
REES Percentages		-	100%	68%	32%

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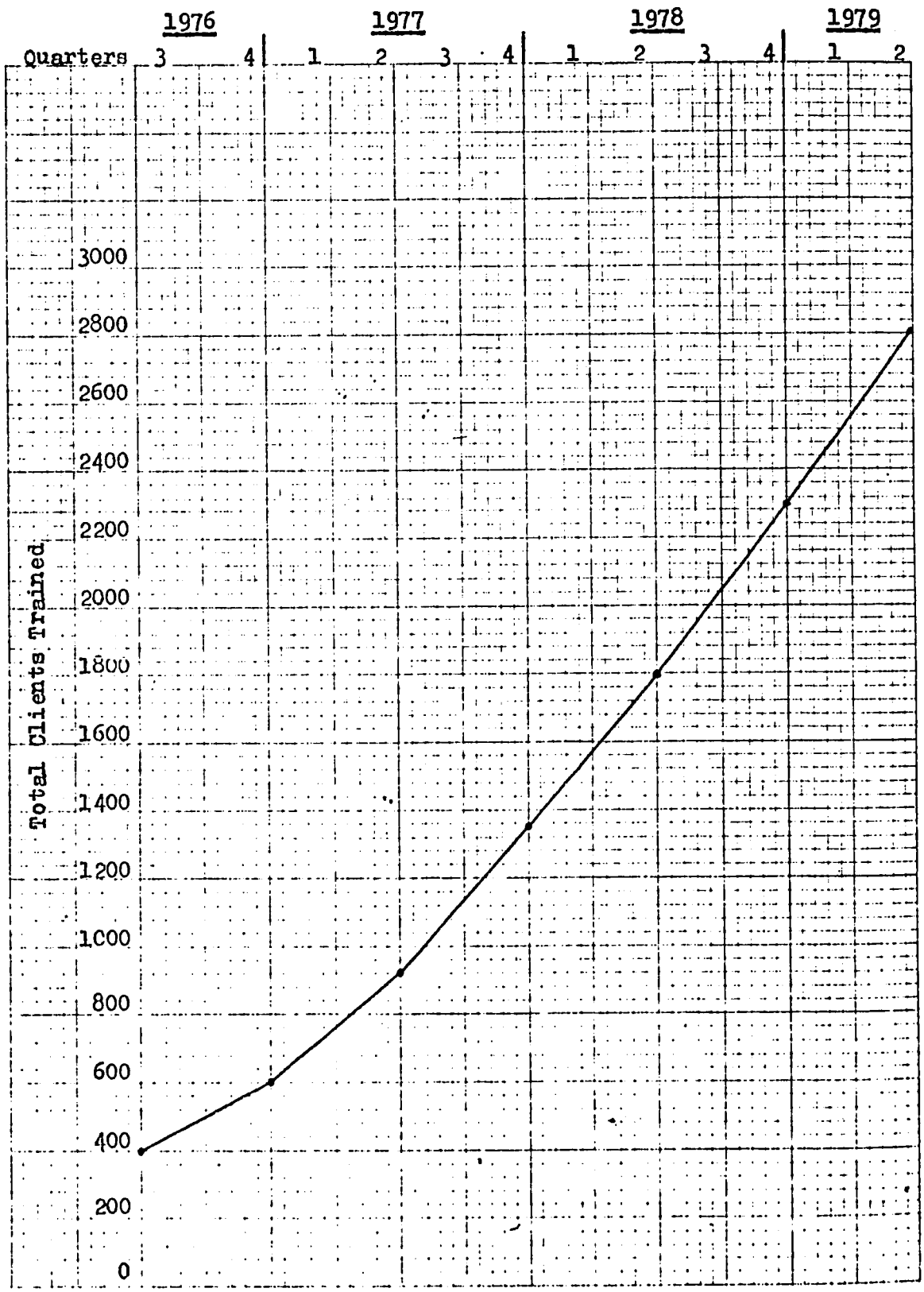
APPENDIX C

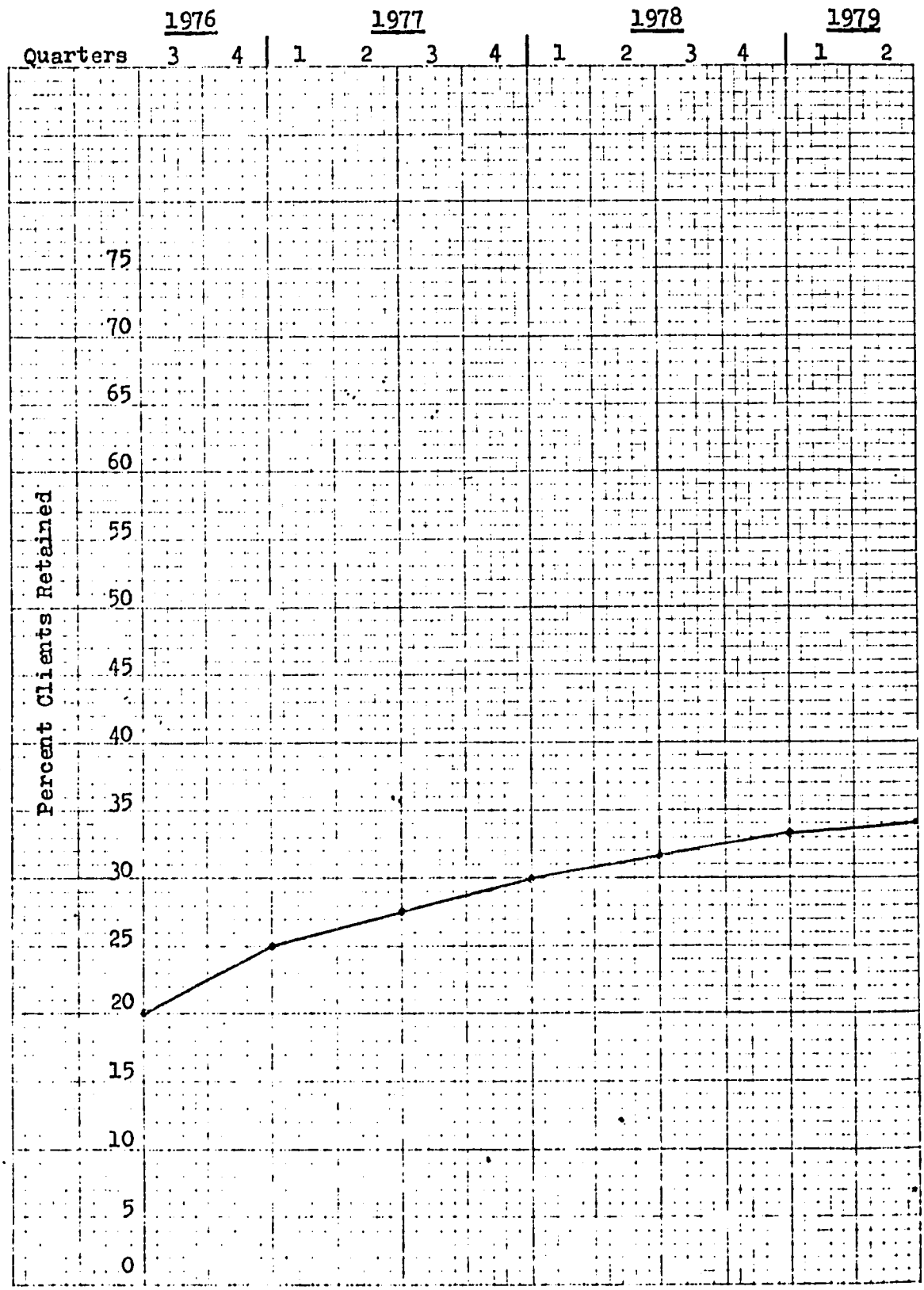
REES BENCHMARK QUANTITATIVE PROJECTIONS

JULY 1976 - JUNE 1979

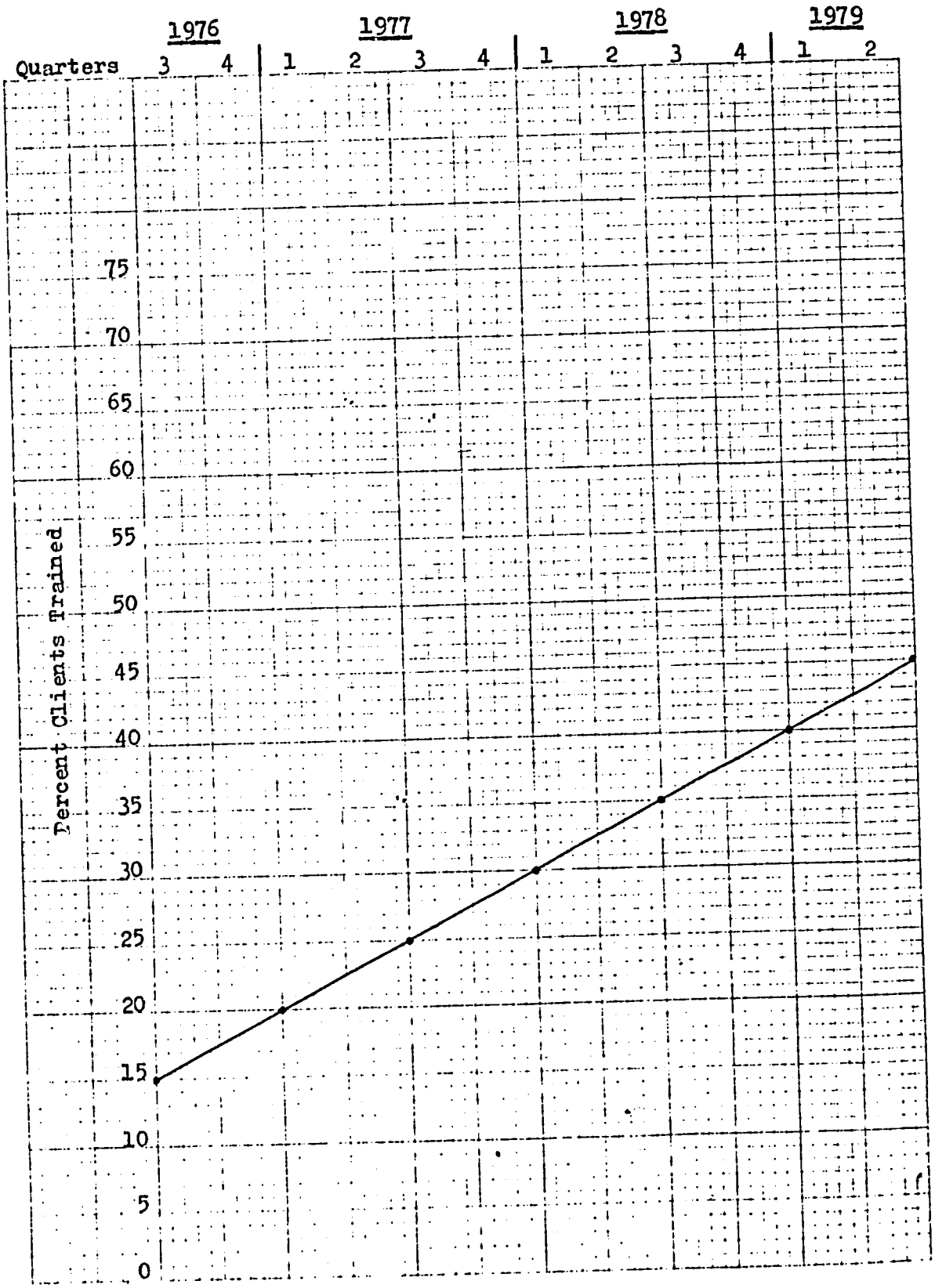
REES BENCHMARK 1. Total Clients Trained By Project



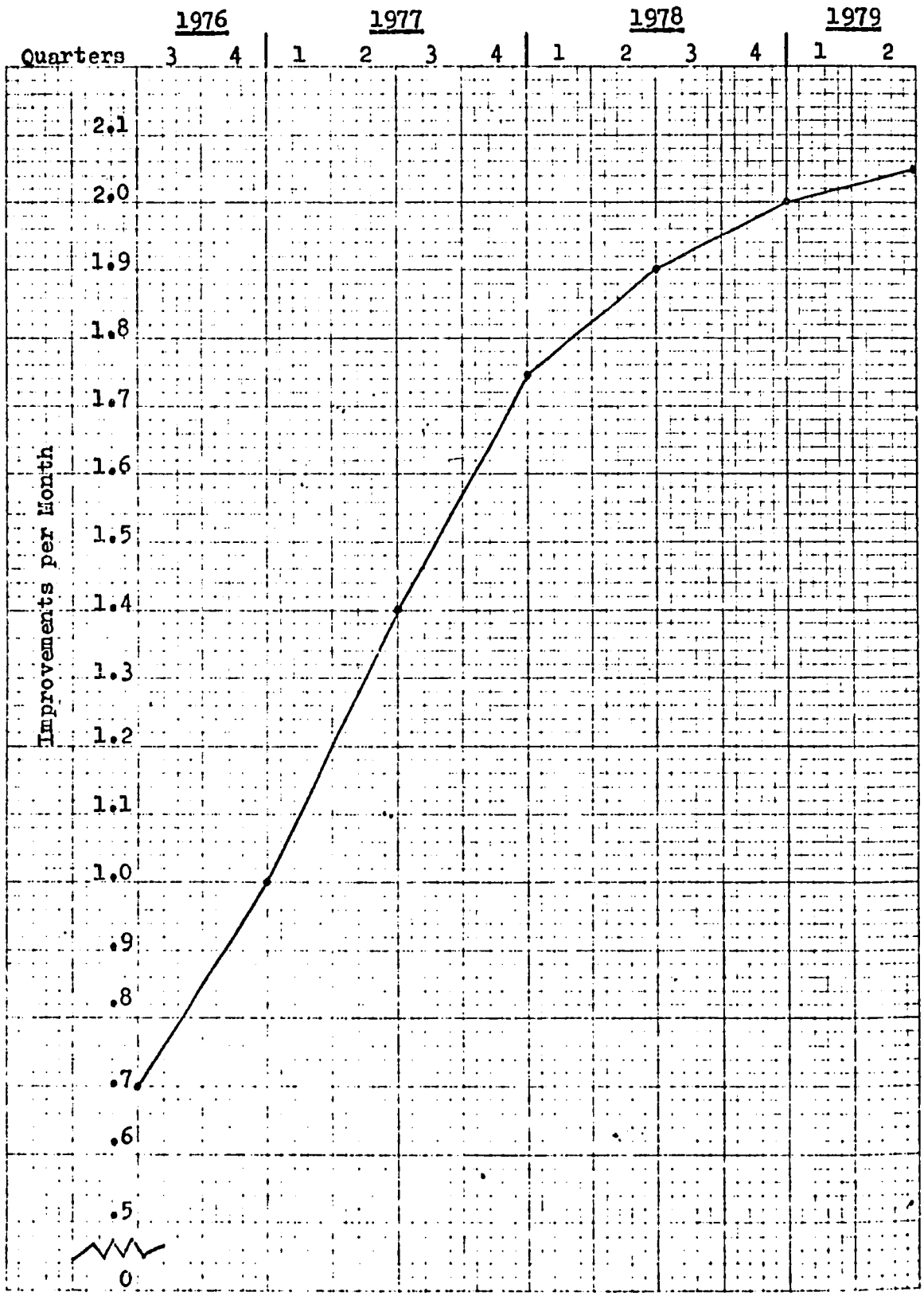
REES BENCHMARK 2. Percent Clients Retained 12 Months or Longer



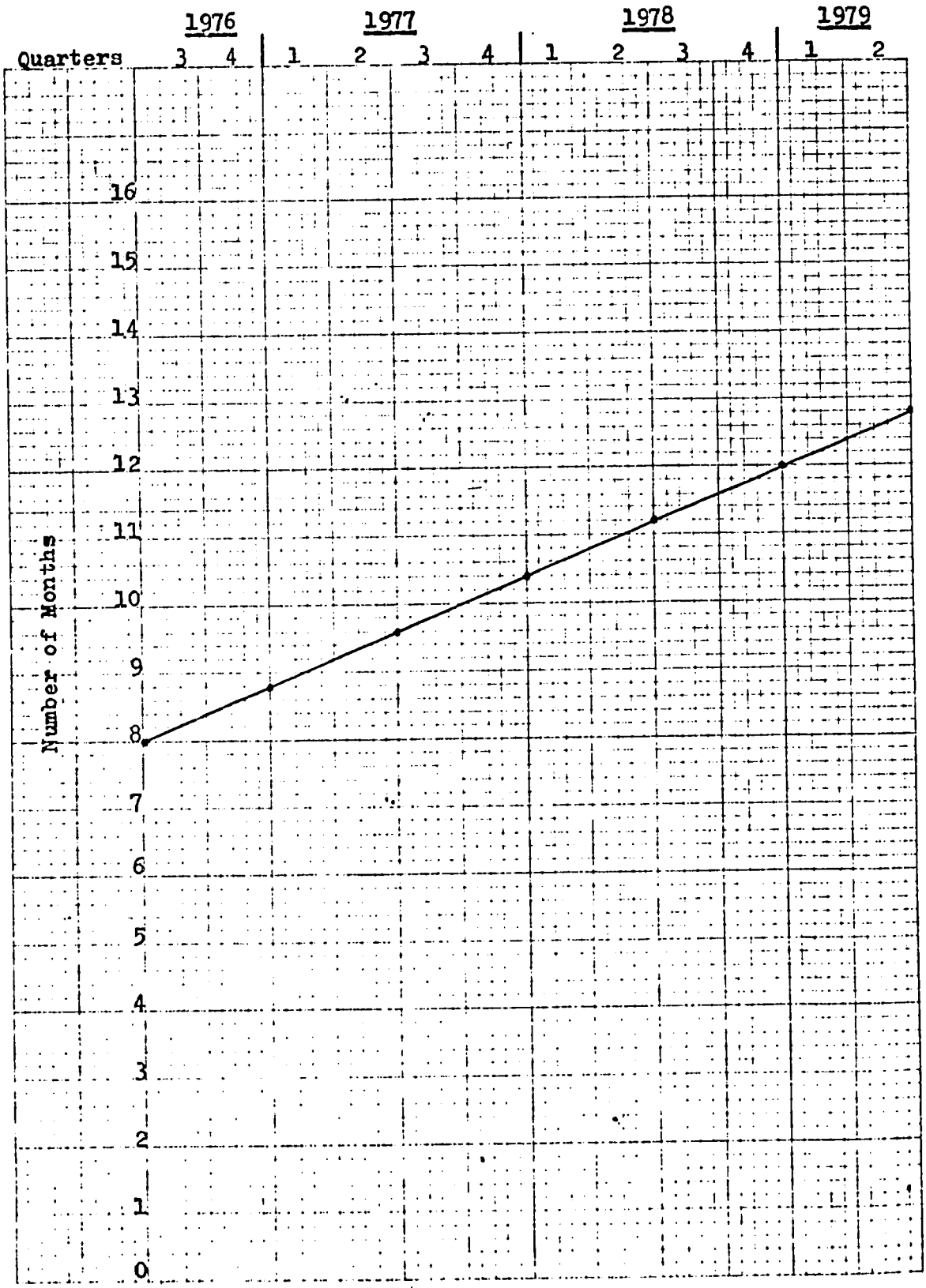
REES BENCHMARK 3. Percent Clients Trained of Total Business Pool in Areas



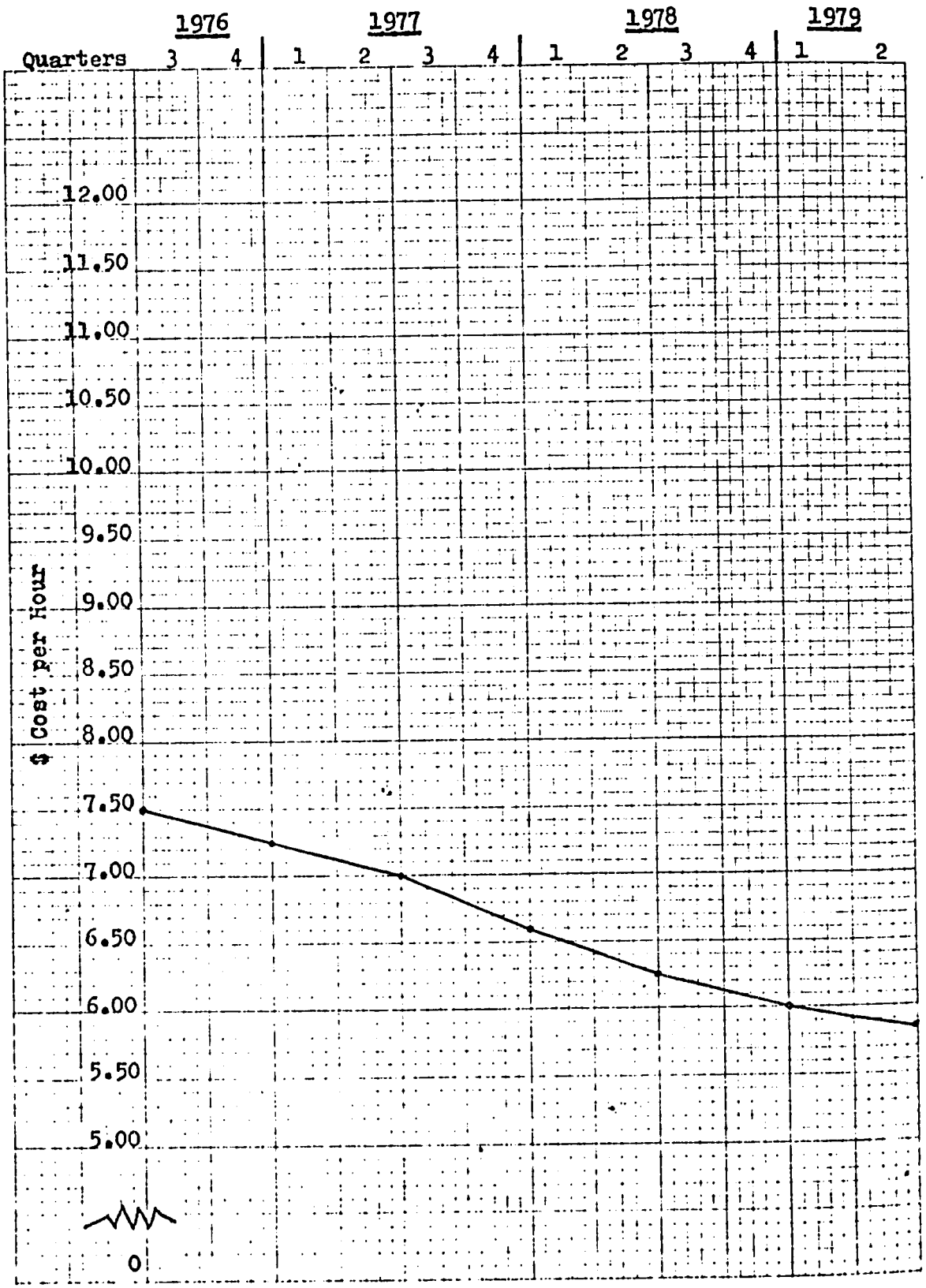
REES BENCHMARK 4. Client Improvement Average Per Month



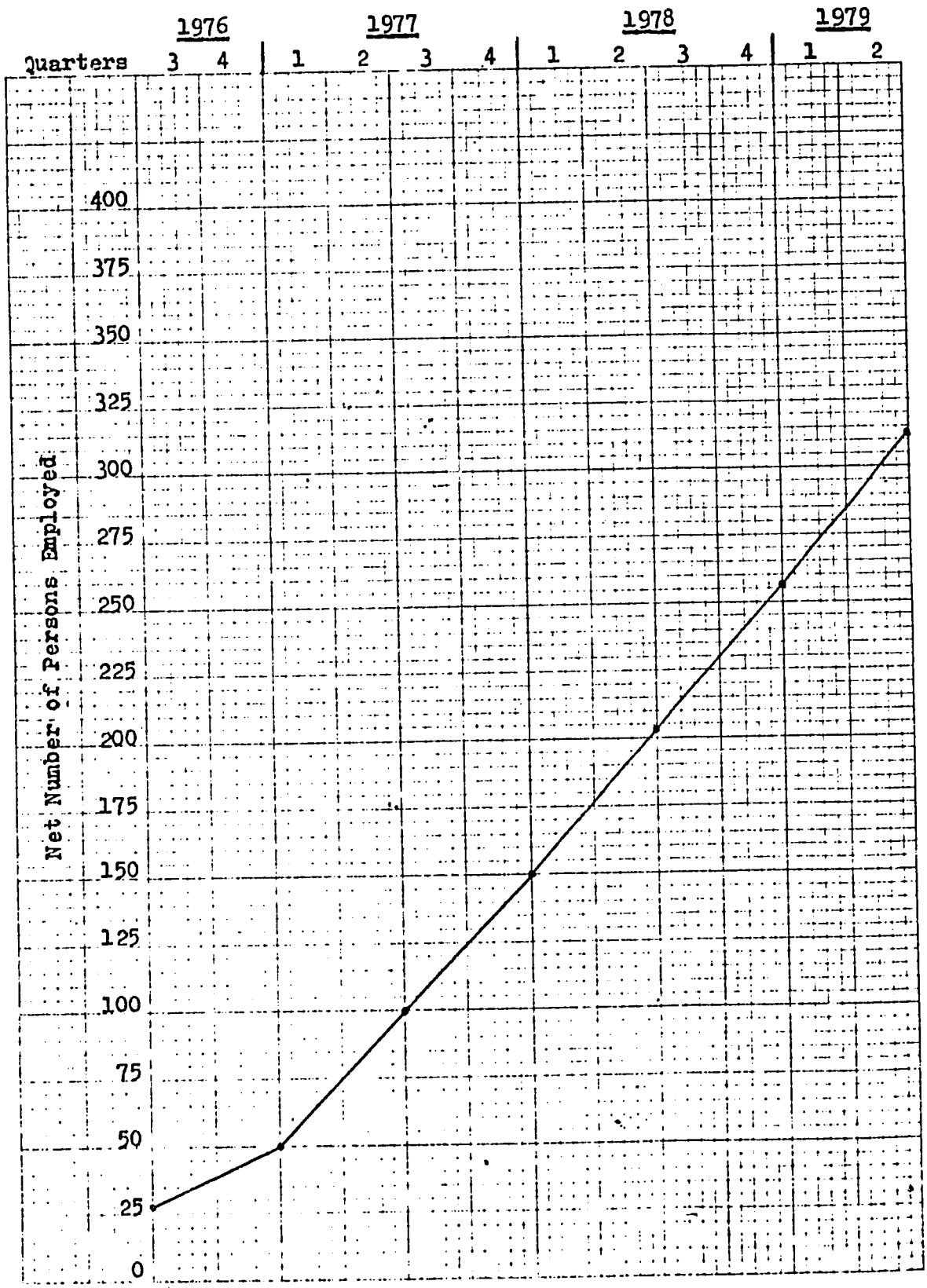
REES BENCHMARK 5. Average Number of Months Clients Are Active



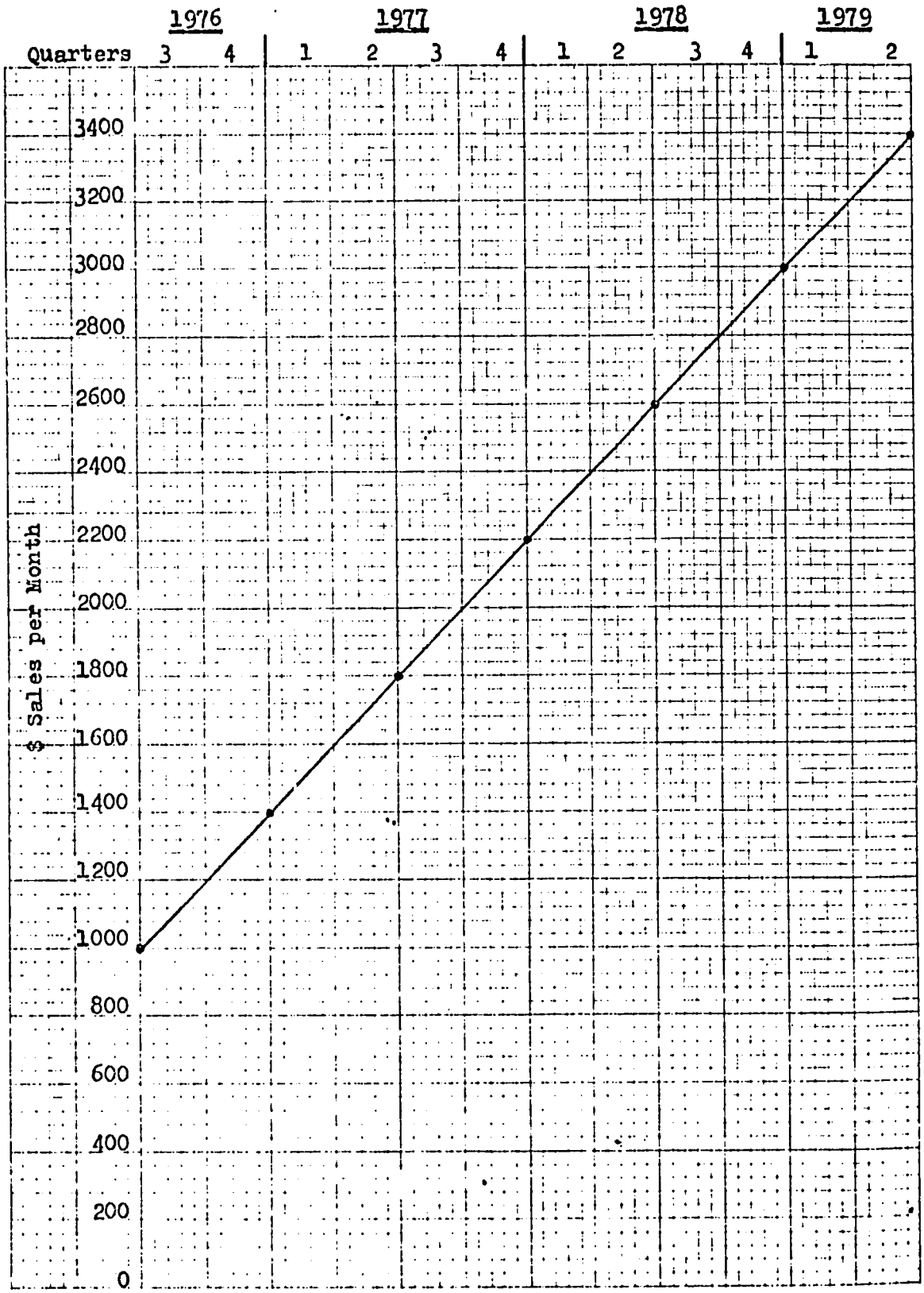
REES BENCHMARK 6. Project Cost Per Consulting Hour



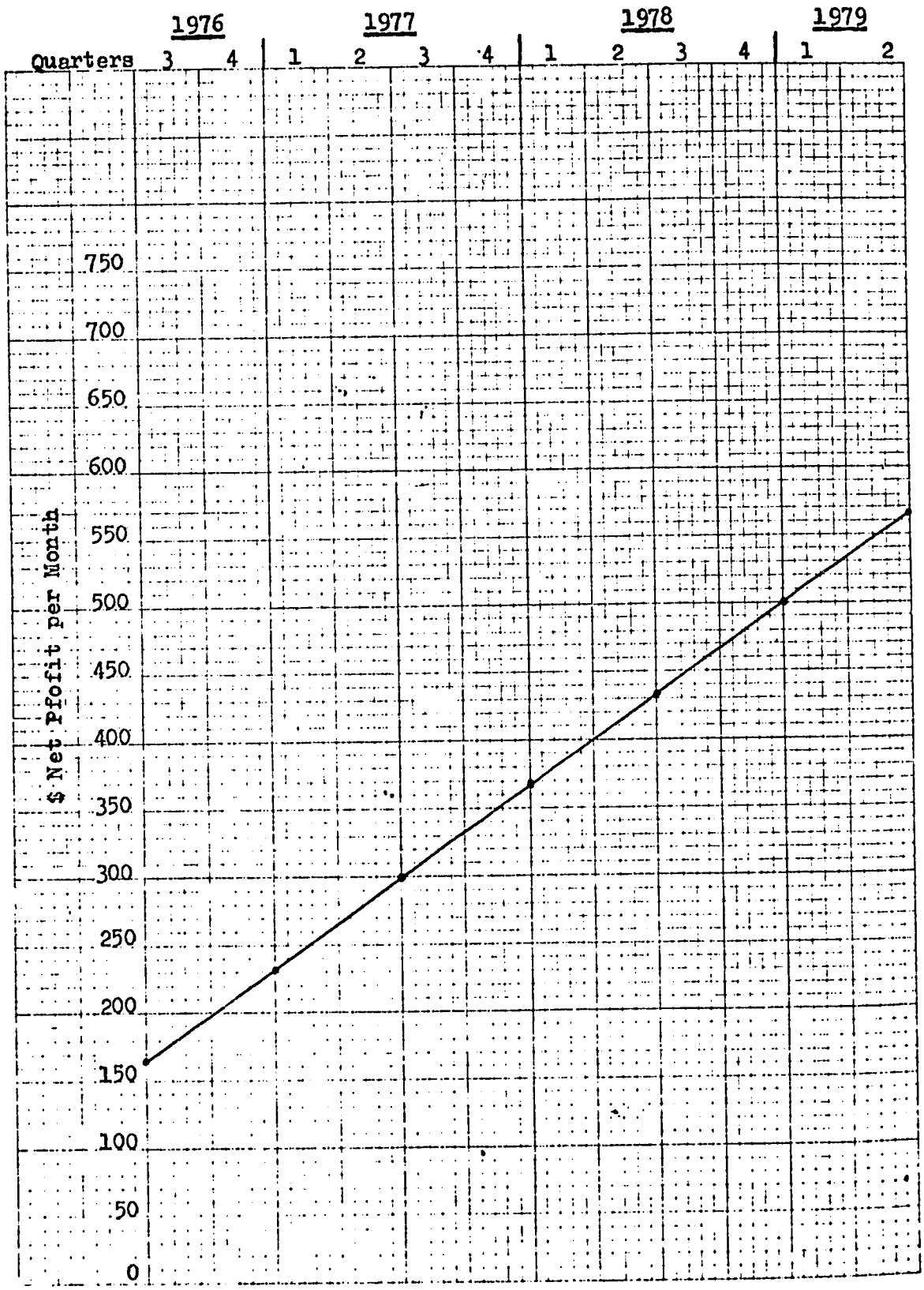
REES BENCHMARK 7. Net Employment Added to Client Enterprises



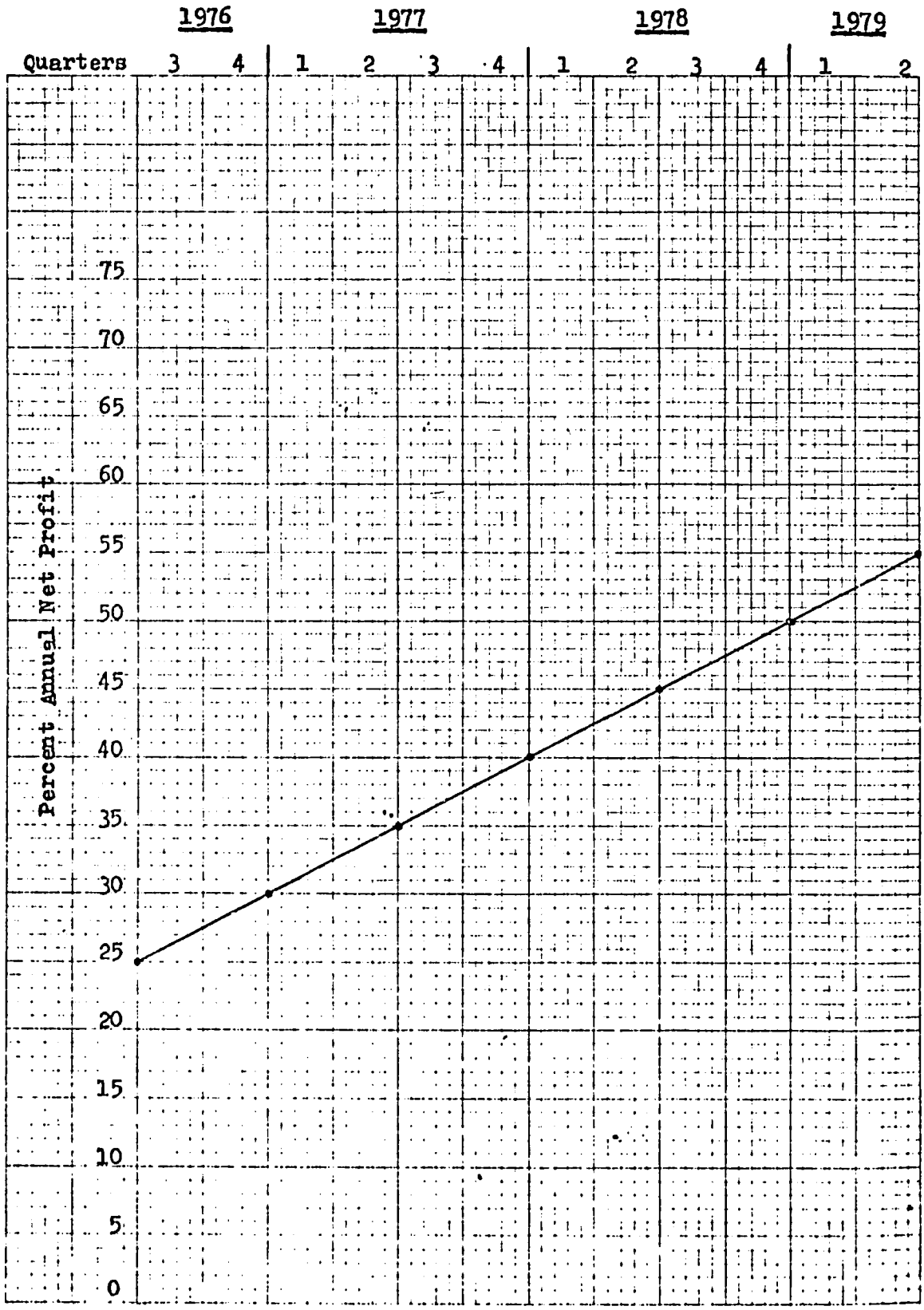
REES BENCHMARK 8. Client Average Monthly Gross Sales



REES BENCHMARK 9. Client Average Monthly Net Profit



REES BENCHMARK 10. Client Average Annual Reinvested Profits



PRM 7-5-9

VI. APPENDIX

APPENDIX I

PRM 7-5-9

A PROPOSAL

TO ASSIST WITH STAFF TRAINING

AND PROGRAMME IMPLEMENTATION

FOR SMALL-BUSINESS ADVISORY CENTRES

Submitted by

PARTNERSHIP for PRODUCTIVITY
Box 243, Kakamega

2nd November, 1974

1) This is a proposal whereby the Partnership for Productivity Service Foundation, hereafter referred to as PfP, offers its services to assist in the training and development of field consultants and other personnel for work in providing assistance to small-scale business and industrial enterprises in rural areas of Kenya.

2) PfP has been operating in the Western Province of Kenya for 4 years, in this same field of identifying and assisting entrepreneurs and managers of small and medium-sized economic enterprises. The Foundation is a non-profit organization chartered under the laws of Kenya with a Governing Council all of whose members are Kenya citizens. The staff consists both of Kenya citizens and of expatriates, from several countries, who have had extensive business and managerial experience.

3) Beginning in early 1974 with the selection of candidates, PfP embarked on a new phase of its program, the training and utilization of Kenyans with limited business experience to assist small traders with their problems. More than forty candidates were interviewed, and from this group twenty were invited to attend a month-long training session. The training programme was conducted at the facilities of the Friends College at Kaimosi.

From the group of twenty trainees, twelve were employed by PfP as full-time business consultants. These cosultants were given extensive classroom lectures in all phases of small business management techniques. In addition to the classroom lectures, the trainees were also assigned to work in petty trade dukas in the vicinity of Kaimosi in order that they could experience first-hand the problems of the small businessman in the rural markets.

In addition to the one month's intensive training programme, there has been a continuation of the training through weekly sessions with the trainee's senior advisors. Further, once a month general meeting are conducted, in order that the trainees may be able to share experiences with one another; evaluate the progress of their activities; and to continue to upgrade the skills and techniques of the consultan

4) From May, 1974 to the present time PfP has made excellent use of this staff. There has been some attrition as it was discovered which individuals were most suited to the work and could be relied on to perform their duties. There has been regular supervision at first by the expatriate senior advisors, and with the more recent use of a Kenyan consultant with more experience and maturity than the others who has been made a field supervisor. Of special importance is the fact that the methods and procedures used by the field consultants, familiarly known as the "Bicycle Brigade", have been under constant review and modification.

5) PfP believes that this program and the experience gained from it is directly in line with the hopes and objectives of the Government of Kenya for the development of small business consultants to serve Kenya as a whole. It further believes that there is not now any oth program or area of Kenya in which comparable experience has been gained. It submits that some way should be found to place this experience at the service of the Government for the benefit of the national program as well as for the further and more intensive promotion of work in Western Province.

6) While several variations are possible, the following is suggest as a feasible approach and one which would be appropriate as a firs stage operation.

a. Select a group of 20 candidates for initial training, to b followed at 2-month intervals by 2 successive groups.

b. There would be an intensive training period of one month. This would consist of a combination of classroom work and practical field assignments in nearby market areas. Instruction and supervision would be provided by PfP. The curriculum would be based on PfP's own experience. The pioneering work of Prof. Malcolm Harper of the University of Nairobi, tried out initially in Machakos, has been utilized extensively by PfP and Prof. Harper has visited the program, but there have been, and continue to be, numerous modifications.

c. Subjects or elements in the curriculum would include: Bookkeeping, merchandising, stock taking, housekeeping, the development of entrepreneurial attitudes, planning and budgeting, decision making process, and techniques in salesmanship.

d. Following the conclusion of the first month's training, there would be a second month which should be considered an integral part of the training program, but would consist of carefully supervised field work.

e. Following the conclusion of the second month's training, the trainees would be assigned to various work stations continued supervision until the completion of a total of 1 year including the initial training. A PfP representative would make a monthly check-up visit. If we assume that 1 out of each 5 would be lost to the program, there would be 4 from each of the first three classes; after 6 months there could thus be three pilot work stations each with 12 trained people.

f. The above assumes that qualified supervisory personnel are available. Even if well qualified, these should take part in the same program as the others in order to be familiar with the training and what is being expected of them. If not well qualified, then a special training would have to be planned for them, both more intensive and more extensive than the training programme outlined above.

g. At the end of six months or some other appropriate interval there should be an opportunity for the graduates of the first three classes to come together at an appropriate central place for a general exchange of experiences and for suggestions as to how to modify and strengthen the program as a whole and the training in particular.

h. While a degree of written reports and tests are involved in the formal training, PfP does not propose to offer any certificate based merely on classroom exercises. After a period of practical work, as for example at the end of the first year, PfP would willingly consider an appropriate recognition of professional accomplishment.

7) The principal elements which will have to be provided in this total program would be as follows:

a. PfP staff input in selection, training, supervision, and follow-up.

b. PfP overhead and administrative services.

c. Trainee classroom facilities, living accomodations, food service.

d. Transportation (local, possibly bicycle, for trainees; motor vehicle for senior staff and supervisory personnel, motor vehicle or other for follow-up work).

e. Training materials, sample forms, etc.

f. Trainees salaries.

g. Cooperating staff, accomodations, etc.

8) After the setting up of work locations in other areas, and the gaining of a degree of local experience, training areas can and probably should be set up and the program decentralized. At the outset Western Province is the only area where the requisite degree of contact and experience has been developed; it is emphasized that the classroom training does not take place in isolation, but after the first week of orientation there are field trips several times a week where storekeepers are interviewed, surveys are made, and the operation of a market area observed and evaluated, with reporting back to the whole group. In order to get a program under way rapidly, PfP will need to locate suitable teaching and living facilities. It may be possible, and necessary at first, to utilize one or more schools during holiday periods. On the other hand this program does not require highly specialized facilities. Therefore following an expression of interest, PfP would expect to proceed immediately to find or develop suitable physical facility arrangements, together with cost data.

9) PfP prefers to operate on the basis of an overall grant and to be responsible for a total program, at least during the two-month intensive training period; it would not wish, for example, to be responsible for results but have to depend on some other agency for motor transportation or for some other essential ingredient. Certain items, such as trainees salaries, or how cooperating staff would be accomodated, might be the direct responsibility of a cooperating agency. For example, it is hoped that extensive cooperation with the Management Training and Advisory Centre (MTAC), an ILO sponsored project, would play a major role in this activity. The Centre has good training facilities, and perhaps could be utilized as the training centre for selection of the consultants.

In any event, PfP would be more than willing to work with MTAC in this endeavour, in most any way that would be deemed appropriate.

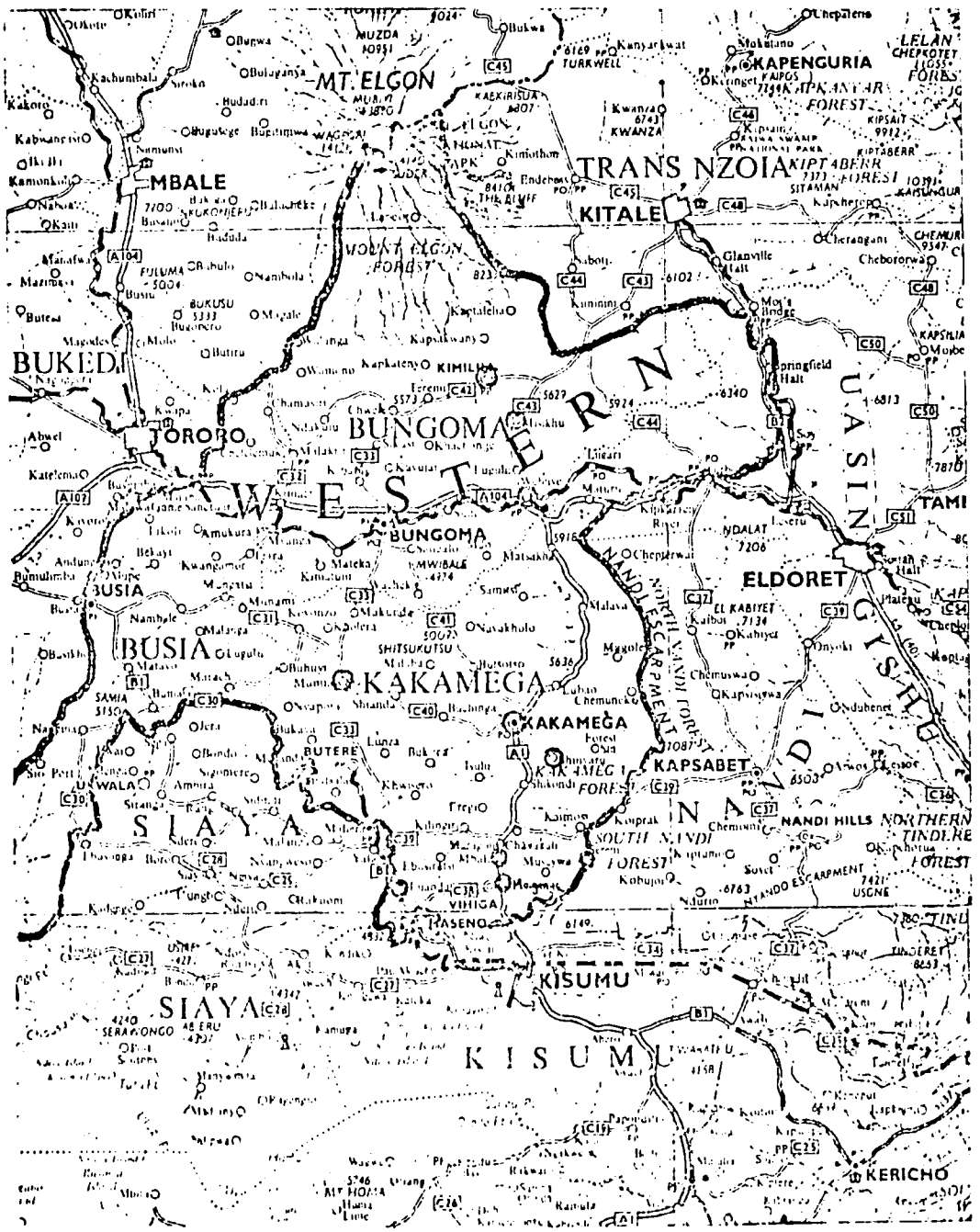
10) While it is expected to be continuing process, and PfP would need to figure on a minimum of a one-year programme, it is envisioned that the activity would be evaluated after the first six months in order to determine whether (a) the programme is achieving its objectives, (b) how it should be modified, and (c) whether the rate of training is too fast, can be speeded up, or should be continued as planned. The pressures on the Government of Kenya are well understood, and yet if PfP could assist in training 90 (120 less attrition) well-trained consultants within one year, then it is believed that the Government of Kenya would be a long way towards meetings its objectives of establishing rural business advisory centres throughout Kenya.

11) PfP would be willing to provide cost estimates covering this proposal. Of course, the cost estimates would be subject to adjustments due to the value of any inputs by co-operating agencies such as the MTAC.

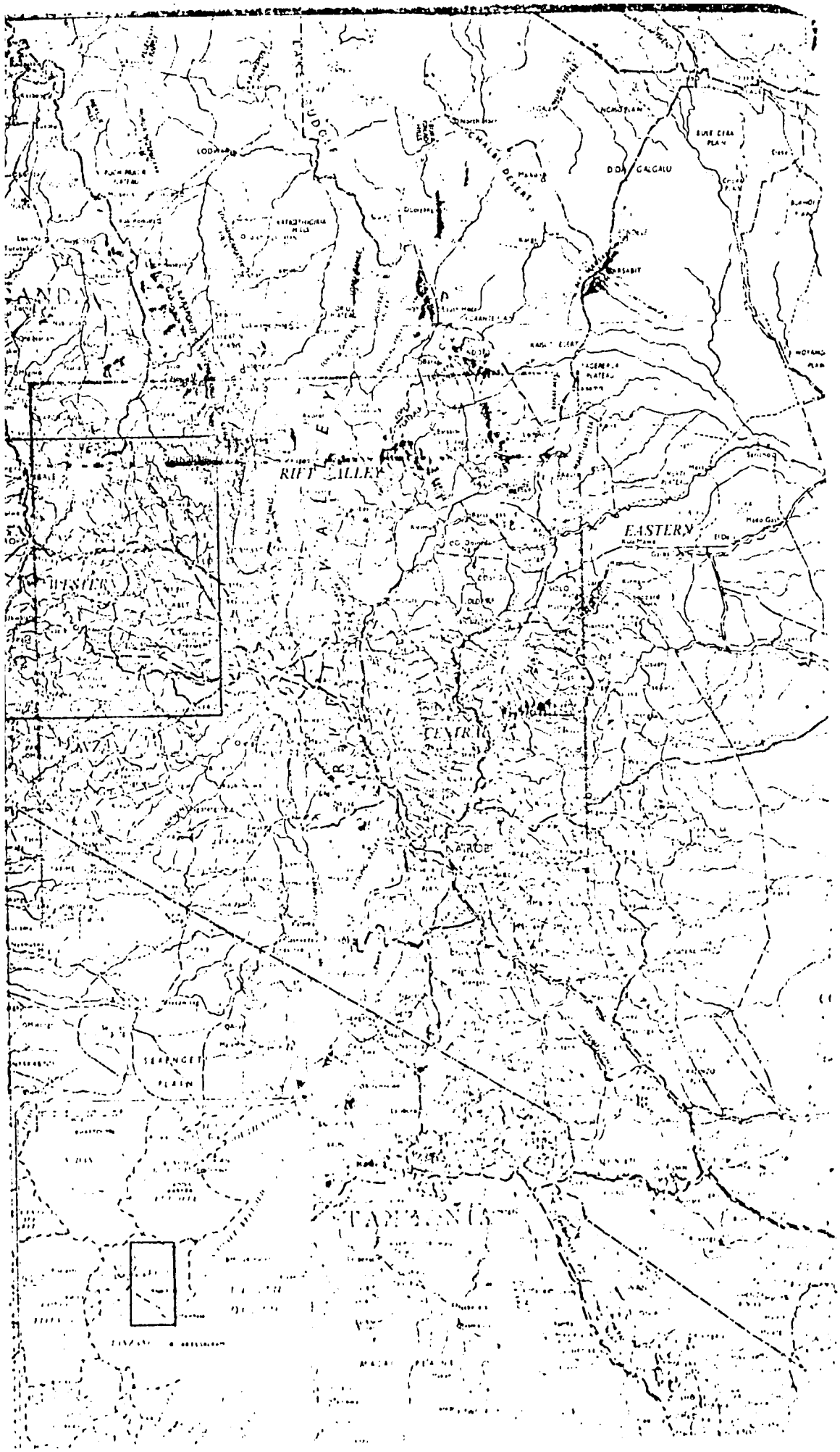
APPENDIX K

PRN 7-5-9

WESTERN KENYA



REES OFFICES: Kakamega Webuye
Shinyalu Mbale
Mumias Majengo
Bungoma Luanda
Kimilili Seremi
Kisikhu


RIFT VALLEY
EASTERN
CENTRAL
NAIROBI
SERENGETI PLAIN
TANZANIA
DOD GAGALU